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JULY, 1942

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

**UNITED WE STAND**



FLAG AT A.B.A.  
HEADQUARTERS

PUBLISHED IN TWO SECTIONS • SECTION ONE

# Do your borrowers know that you LIKE to lend against inventory?

**A**RE YOU looking for ways and means of increasing your bank's loan volume?

Do your customers know that you like to lend money against inventory—and that almost any producer, manufacturer or distributor can use his inventory as a loan basis, simply by having us issue warehouse receipts against it right on his premises?

Create new borrowers and larger borrowers by letting people know about LAWRENCE SYSTEM Field Warehousing.

Our nearest office will gladly cooperate with you in the matter of furnishing full details as to our methods.

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FOR BANK LOANS AGAINST INVENTORY



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Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C. • Jacksonville, Fla.  
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

# Just a Minute



HARRIS &amp; EWING

July, month of the Declaration, is an appropriate time to picture the memorial being built in Washington to honor Thomas Jefferson

### A.B.A. Conference Canceled

IN RESPONSE to Defense Transportation Director Eastman's appeal for voluntary deferment of conventions, the National Conference on Wartime Finance, scheduled by the American Bankers Association at Detroit, September 28-30, has been canceled. This conference was to have replaced the Association's annual convention.

For further information about the cancellation, see page 63.

### The Flag

BANKING stands at attention with other American magazines this month as the procession of July flag covers marches by.

The National Publishers Association some time ago suggested that all publications celebrate the month of The Glorious Fourth by flying the "Stars and Stripes," in color, from their mastheads—or, more exactly, their first covers.

Our search for an unusual flag picture for that purpose began immediately. It went on and on, without much result, until one day somebody said:

"Why not use our own flag?"

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# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Your  
CHECK PAPER  
can be Equally  
Distinctive

Just as a crest or monogram on the family china and plate individualize a table setting — so does the La Monte method of making the trade mark or other identifying design of a corporation or bank part of the check paper itself add prestige and advertising value to checks. » » Such individualized checks are SAFER, too — for the Safety Paper on which they are made is in every case a "special run" — every sheet of which is reserved for a given bank or corporation and released only to the lithographer or printer which that bank or corporation designates. » » When you use La Monte Safety Paper you join the ranks of the largest and most successful organizations of their kind in the world. For more than 75% of America's leading banks, as well as outstanding corporations from coast to coast are regular users of La Monte Safety Paper. » » Your lithographer or printer will be glad to show you how your own trade mark can be incorporated in the paper itself — or write us direct if you prefer.

LA MONTE *Safety* PAPER



GEORGE LA MONTE & SON  
Nutley . . . New Jersey



**So We Did**

HE MEANT the new, crinkly, brilliant banner purchased by contributions of the headquarters staff of the American Bankers Association.

Echo answered "Why not?" and we went to work again.

To keep our venture entirely in the family we asked KENNETH W. McLAREN, of the Agricultural Credit Department, to take the picture. His photographic handiwork has often graced BANKING's pages; and inasmuch as he was about to go into training as a lieutenant in the United States Navy, we knew that he would be particularly eager to do a good job for Old Glory.

After the expenditure of some film, flash bulbs and a goodly amount of patience, Lieutenant McLAREN emerged from his darkroom with the picture which, after due process of photo-engraving, became the best cover BANKING ever had.

Don't you think so?

**Banks in the War**

THIS ISSUE OF BANKING comes to you in two sections. Number Two, 24 pages, is an extensive review of "Banks in the War," presenting a partial roundup of what they have done and — more important—a projection of what they have yet to do.

We say "partial" advisedly because this account, told in charts and type, makes no pretense at being complete. But it does bring together many facts and figures that emphasize the size of the job.

Incidentally, BANKING offers a rising vote of thanks to BOB BACHELOR, assistant to Dr. Paul Cadman, for his help in preparing the Section 2 charts.

**Indeed It Does**

"Small Business Needs a Friend" is the title of a thoughtful discussion by THOMAS H. REED, well known expert on municipal affairs and a frequent contributor to BANKING.

Dr. REED points to the "ghost towns" that already dot the countryside in some non-defense areas and offers some timely observations as to the social importance of banks taking the lead in financing small contractors under Regulation V, thus keeping the home fires aflame.

**Ration Coupon Banking**

F. BRADSHAW MAKIN's report on the latest turn in British banking—the handling of ration coupons—isn't to be taken as a reminder of what may be in store for us, although of course anything may happen in wartime and none is so foolhardy as he who predicts.

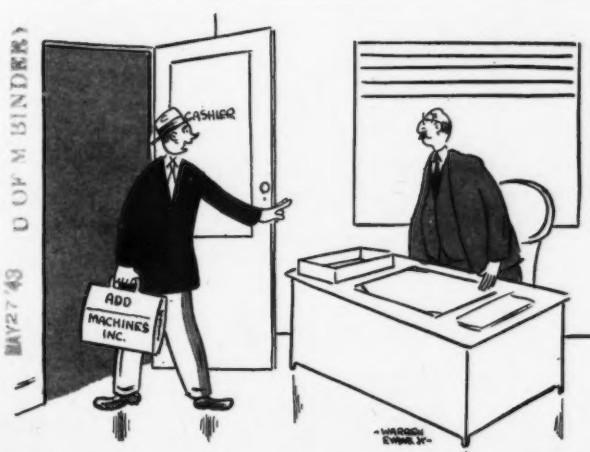
Mr. MAKIN sent his manuscript in duplicate, one copy by air mail, the other by steamer. The odds would seem to favor the former method of transportation heavily, but don't bet on the clipper this time. As a matter of fact, the boat-borne script was first to reach New York.

**Money**

FROM THE Federal Reserve Bank of Minneapolis comes a brochure which, this department predicts, is going to do a lot of public educating.

Entitled "Your Money and the Federal Reserve System," it tells to the layman the story of money—what it is and does, how it circulates, its whys and wherefores—and the story of banking, with particular reference, of course, to

(CONTINUED ON PAGE 5)



"I can't promise delivery, but I'll send you a picture of it in a couple of weeks"

# **R. G. RANKIN & CO.**

**CERTIFIED  
PUBLIC  
ACCOUNTANTS**

**Examinations  
of  
Banks and Trust Companies  
for  
Directors' Committees**

**NEW YORK**

**CHICAGO**

**WASHINGTON**

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**Capital Funds . \$37,500,000**

**100 BROADWAY**

**MADISON AVENUE  
AND 40TH STREET**

**TEN  
ROCKEFELLER  
PLAZA**



**★  
BUY  
WAR  
BONDS  
★**

*Member of the Federal Deposit Insurance Corporation*



## SUBCONTRACTS

DONALD M. NELSON, Chairman of the War Production Board, recently made this urgent statement:

"Production speed is the dominant factor in the race with the Axis. Every available idle tool that can be put to work must be put to work. Experience has taught us that some prime contracts can be subcontracted as much as 90%.

"Planes, tanks, guns and ships—their parts and subassemblies are needed in an ever-increasing flow, and only by full use of existing facilities, by sharing the work, can we get them soon enough.

"Increased subcontracting may swing the balance. Production lines are battle lines. Let's use all the production we've got."

Many companies must now adapt their methods, their plants and their personnel to the requirements of the hour. Manufacturers handling war orders under primary contract or subcontract may require large amounts of credit on short notice. American commercial banks are ready to supply credit in ample volume at low cost to sound businesses.

The Chase welcomes every opportunity to assist American businessmen in meeting their wartime credit needs, whether directly, in the case of corporations located in Greater New York, or through its correspondent banks in all parts of the country.

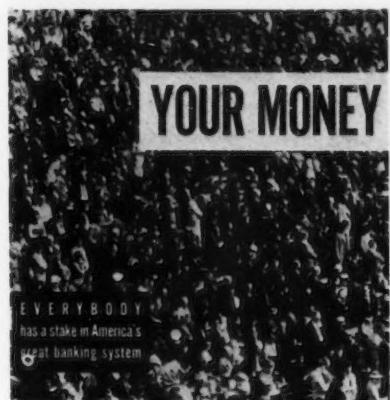
**THE CHASE NATIONAL BANK  
OF THE CITY OF NEW YORK**

Member Federal Deposit Insurance Corporation

## JUST A MINUTE—Continued

the services performed for our economy by the Federal Reserve System.

The booklet, in folio size, is roughly two-thirds pictures. The remainder is simple textual continuity, explaining why money will buy things, how business can be financed with so little cash, how commercial banks "help your money serve you better," what the Reserve is and how it aids the banks, the Government, business and agriculture.



EVERYBODY  
has a stake in America's  
great banking system

This isn't the place for a review, but speaking for the book page a moment, we'd say, in the vernacular, that this brochure had something. We're told by O. S. POWELL, first vice-president of the Minneapolis bank, that copies have been sent to all banks and high school principals in the Ninth District. Other extensive distribution channels, such as public libraries, USO huts, rural school libraries, etc., have been suggested.

From this corner, the booklet looks like excellent supplementary reading material for banker students and student bankers.

### *Dictated, But Not Read*

"Now look here," said the boss to the new steno, "I fired three girls for revising my letters."

"Yes sir."

"All right; now take a letter and take it the way I tell you."

The next morning Mr. O. J. Squizz of the Squizz Soap Company received the following:

"Mr. O. K. or A. J. or something, look it up, Squizz, what a name, Soap Company, Detroit, that's in Michigan, isn't it? Dear Mr. Squizz, hmm. The last shipment of soap you sent us was of inferior quality and I want you to understand—no scratch that out. I want you to understand—hmmm—unless you can ship, furnish, ship, no furnish, us with your regular soap you

## Check Control

Do you have perfect control of your checks? This question doesn't involve simply keeping them in a safe place. It concerns principally control of distribution to your customers.

Safety Numbering of all checks which are not imprinted will give you this control. The customers sign a receipt for each book received and you know where to start your investigation should they be misused in any way because you know

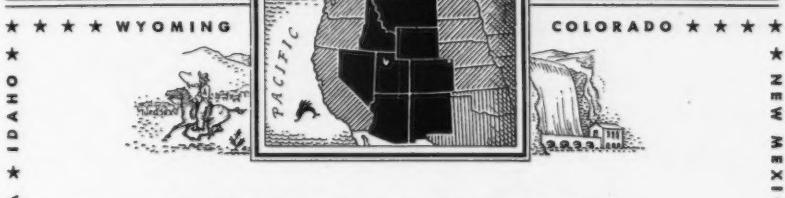
to whom each book was given.

Those banks who now use safety numbering appreciate how effectively it does its job. It conserves check inventories because people just don't waste numbered checks. And the way it wipes out "no-account" checks is remarkable.

We have an interesting booklet entitled "Safety Numbering" which tells the whole story in a few moments. Write for it if you would like to explore its possibilities.



Manufacturing Plants at  
NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL



### *PROVIDING INVESTMENT CAPITAL To The Mountain States*

FROM the snow capped peaks of the Rockies flow streams that water the crops of states hundreds of miles away. In like manner, the capital resources of older sections of the Nation have flowed into the Mountain States—to help build their railroads, utilities, mining and manufacturing facilities, no less than roads, schools and other public improvements.

In this movement of capital from investor to borrower, from section to section, investment banking organizations such as our own have served a

useful function—speeding progress and improving standards of living.

\* \* \*

To the Mountain States, more sparsely populated than other sections, and only beginning their ultimate industrial development, Halsey, Stuart & Co. Inc., in the course of its activities, has contributed to progress by participating as an original underwriter in more than 50 corporate and municipal bond issues from this area, totaling about \$300,000,000.

*Eighth of a Series of excerpts from our brochure, "Providing Nationwide Investment Capital... 1903-1941," a copy of which will be sent upon request.*

CHICAGO, 201 S. LA SALLE STREET • NEW YORK, 35 WALL STREET • AND OTHER PRINCIPAL CITIES

**HALSEY, STUART & CO. INC.**

BUSINESS NEED NOT  
"FLY BLIND"

Our services chart a safe course through problems involving income and estate taxes, insurance.

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Under the Old Republic Plan  
insurance on personal loans  
gives economical protection  
to both lender and borrower.



*The largest independent  
company exclusively insuring  
the lives of borrowers.*

309 W. Jackson Chicago

needn't ship us no more, period, or whatever the grammar is, pull down your skirt!

"Where was I? Paragraph. Your soap wasn't what you said. I should say it wasn't. Them bums tried to put over a lot of hooey on us. Whadda you want to paint yer face up for like Indians on the warpath? We're sending back your last shipment tomorrow. Sure we're gonna send it back. I'd like to feed it to 'em with a spoon an' make 'em eat it, the bums.

"Now read the letter over—no don't read it over, we've wasted enough time on them crooks, fix it up and sign my name. What do you say we go out to lunch?"—CLEVELAND TRUST MONTHLY.

G.S.B. in U. S. Army

"THE FOUR men in the enclosed picture," wrote Captain RALPH L. THOMAS, formerly assistant cashier of the First National Bank, Pittsburgh, "are at the Army Finance School at Fort Benjamin Harrison, Indiana. They

Prepared

THE "Fort Worth National Banker" tells a good one on a typist in the bank's bond department.

It seems the examiners had arrived and the young lady, apparently a newcomer, heard two associates remark that they had just combed their hair, washed their faces and hands, and were prepared for the examination.

She was worried, says the bank's staff paper. Her hands were soiled with smudge from carbon paper and she wasn't sure she could pass the examination. After a hasty consultation with some friends, she retreated to the lounge.

Soon she came back, her face glowing, her hands spotlessly clean. Said she: "Now I'm ready for those examiners!"

all attended The Graduate School of Banking."

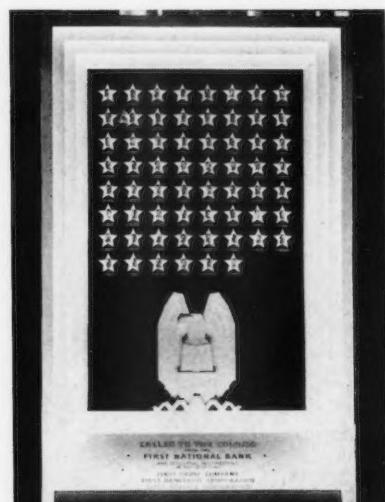
We print the picture herewith. In addition to Captain THOMAS, the soldier

With the Colors

Here are three ways of honoring the boys who are wearing Uncle Sam's uniform. The Manufacturers Trust Company of New York, right, uses a bronze tablet to list its employees in service



Below, left, Names of directors, officers and employees of the Union Trust Company, Rochester, New York, are inscribed on a wall panel



Below, right, Each man's picture is set in a star on this panel in the First National Bank of St. Paul





Top, center, Captain Patteson; middle, Captains Thomas and Harriss; bottom, Major Munroe

bankers are Captain MONCURE F. PATTESON, formerly assistant vice-president, State-Planters Bank and Trust Company, Richmond; Captain F. M. HARRISS, JR., formerly assistant cashier, El Paso National Bank; and Major THOMAS W. MUNROE, formerly vice-president, Fidelity Deposit Bank, Derry, Pennsylvania.

#### The Flag Again

IN CONNECTION with our article on the flag, it's interesting to note that the first authentic account of the display of the Union flag of the United Colonies, ancestor of the Star Spangled Banner, seems to have been written by none other than George Washington. Writing to his military secretary under dateline "Cambridge, January 4, 1776," the General said that two days previously—the day the Continental Army was organized—"the new Union flag" had been hoisted "in compliment to the united colonies."

Brush up your history by reading "The Flag of the United States" on pages 24 and 25, Section 1.

#### Section 2 Reprints

Reprints of Section 2 of this issue of BANKING—"Banks in the War"—are available. The cost will depend on the number of copies desired. If you're interested, write us at 22 East 40th Street, New York City. Suggestion: Order early. We expect a brisk demand.

JOHN L. COOLEY

*There's more* to a satisfactory correspondent banking relationship than the performance of the generally accepted functions of a correspondent—i. e., handling transit checks and collections.

The ability and the desire to "go out of the way" to handle unusual situations and transactions are important, too.

## NATIONAL BANK OF DETROIT

*Complete Banking and Trust Service*

DETROIT, MICHIGAN

## GOOD NEIGHBORS

### *In Business*



Across the free peaceful border, Canadians looking southward and Americans looking northward for business meet on good-neighborly terms at the Bank of Montreal.

For 125 years the Bank of Montreal has been furthering trade between the States and the Provinces, has seen the volume of inter-nation business gradually increase to great importance for both countries.

Now the flow of trade is of extraordinary volume, due to the impetus of common defense against

a common foe; with this growth the Bank of Montreal keeps pace, doing its share to facilitate transactions across the border.

We offer our modern, experienced correspondent service to American banks having business in Canada. We can be especially helpful in matters of foreign exchange, now somewhat complicated because of the necessary rules and regulations of Canadian control.

Inquire at one of our American Offices or at the Head Office.

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ESTABLISHED 1817

ASSETS OVER A BILLION DOLLARS

# THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

**THE OUTLOOK.** It is a problem and something of a paradox that the most troublesome factor in the national outlook today is the widely prevailing spirit of Pollyanna,—that most authentic of American born fictional characters, who just knew that everything would turn out all right.

It is not customary to consider optimism a drawback but in this case it springs from unaccustomed causes and it is causing trouble. It adds to the work of price control, subtracts from the sale of War Bonds and multiplies the difficulties of war production.

The most striking manifestation of this bright and casual spirit is a widespread inability to see that the war is a deadly serious crisis in our history and not an occasion for re-forming the world or making hay. A good long range policy of any business would be to hope for the best and prepare for the worst.

**OPTIMISM AND REALISM.** Between what might be called easy going optimism and realism, the difference takes various shapes and directions. It all depends on where one stands to view the facts because there are really two different sets of them. Contributing to public complacency, optimism, indifference or whatever it is, are various circumstances, for example:

1. The bewilderment bred by conflicting reports on action abroad leads to a feeling that the war is for somebody else to worry about.

2. The tendency of government officials to disagree publicly on such matters as the need and purpose of controls instituted for the conservation of materials and the protection of consumers, engenders the belief that there is some joker in everything being done.

3. The time-honored habit of emphasizing good news and playing down the kind that does not sound so well has an obvious result.

4. Frequent discussions of glittering post-war objectives foster a belief that the war is all over but the shouting.

5. There seems also to be something that does not quite jibe between the warnings of shortages issued frequently from official sources and the evidence of one's own eyes in shops and on the streets. Consequently there is an impression of plenty that is more apparent than real.

6. And finally, we have the inescapable truth that war, to many millions of us, is always something far away in other countries and in history books.

**READY FOR WHAT COMES.** Those who take a realistic view of the war and the business outlook and believe in preparing for any eventuality must certainly take into account such possibilities as these:

1. The war might continue to go against us for some time to come so that from any military, naval or political angle one looks at it, it would last several years.

2. We must prepare to put 10 million men under arms for the duration and we must have a few million in service for an indefinite period after the war.

3. By that time the public debt will be so big that the

question of whether we can carry it or not will be academic.

4. Industry and the Government will move so close together through years of an intimate seller-buyer relationship that it will be hard to tell them apart.

5. Taxes will inevitably approach the point of taking everything, and as this point is reached the question whether the Government has or has not taken over an industry will become something beside the point.

6. The public will have billions to spend and few things to buy and the resulting necessary controls will be so complete over the whole of industry and banking that it will be hard to recognize the old landmarks.

7. The foreign trade of the country will be almost completely carried on through government agencies or companies set up and managed by the Government on a basis somewhat reminiscent of the great British and Dutch exploring and trading concerns in the 17th and 18th centuries.

8. Large and small concerns, supplying various articles to the public, will tend to lose their identity unless they continue to advertise their brands, their names and their qualities. To a very large degree advertising will be all we have left of the competitive system and free enterprise.

## The Business of War

**SPENT.** About \$30,000,000,000 has been actually laid on the line out of a total authorized buying program of almost \$160,000,000,000 for the Army, Navy, lend-lease and other agencies.

**BUILT.** About 100,000 family dwellings in war housing projects are available for occupancy out of a total program in this category of 335,000 dwellings. In the construction of single person units about 11,000 are available for occupancy out of a total program of more than 60,000 units.

Since June 1940 there has taken place 13 billion dollars worth of plant expansion of which 10½ billion was financed by the Government.

**MANPOWER.** The national labor force is computed as of April at 53,400,000. This exceeds by 8,000,000, at least, the estimated labor force of a year earlier. Unemployment is now estimated at around 3,000,000, which is a drop of 55 per cent from this time last year.

**INCOME.** The national income has now reached a rate of \$106,000,000,000 on an annual basis. This is a rise of 41 per cent above two years ago.

**DEBT.** The Federal debt outstanding at the end of April this year was \$66,403,000,000.

**COST OF LIVING.** The cost of living, including food, clothing, rent, house furnishings, fuel, electricity and a variety of miscellaneous items, is about 15 per cent higher than it was in 1940.

# War Damage Insurance

HERBERT BRATTER

**A**s of June 30, blanket war damage coverage under which all were insured free of cost, has been terminated. The recently created War Damage Corporation, successor to RFC's War Insurance Corporation, has issued rules and regulations by the terms of which all citizens desiring protection must apply for insurance and pay annual premiums thereon.

Insurance rates will be uniform throughout the country. Insurance for the present will be written in the continental United States, Alaska, Hawaii, Virgin Islands, Puerto Rico, and the Canal Zone, but not in the Philippine Islands.

Protection is offered against property damage resulting from enemy attack, as by air or naval bombardment, and from our own forces' resistance to attack, but certain possible sources of damage or loss which are to be expected in wartime are specifically not covered, namely: blackout, sabotage, capture, seizure, pillage, looting, use and occupancy, rent, rental value, or other indirect loss or consequential damage. Moreover, any damage caused by forces of any of the United Nations is not covered.

**P**ROTECTION is offered for residential and other buildings, both urban and rural, railroads and public utilities, churches, hospitals, property in transit, vessels under construction, ferries, commercial hulls, growing crops, etc., as is shown in the accompanying table of rates. Jewelry, furs, precious and semi-precious stones, statuary, paintings, pictures, etchings, antiques, stamp and coin collections, and manuscripts will be protected for individual owners up to \$10,000, with a \$5,000 limit for any one article, and for museums and dealers up to \$100,000, with a \$5,000 limit for any one article. Jewelry and furs up to \$1,000 may be included as residential contents under the 10 cent rate. Growing crops will be protected up to \$100,000 per single owner; pleasure watercraft and aircraft up to \$10,000, while not in use.

On the other hand, no protection is offered for accounts, bills, currency, deeds, evidences of debt, securities, money and bullion. This exclusion is not a statutory one, but results from an administrative decision by the War Damage Corporation.

The writing of War Damage Corporation insurance has been entrusted to the insurance industry. A great majority of the companies writing fire insurance are participating and those desiring protection are urged to contact their local fire insurance agent or broker. The corporation's manual of rates, rules and regulations, and application blanks have been distributed to fire insurance companies. The policies are issued for a 12-month period.

The insurance companies cooperating in the program will assume 10 per cent of all losses in excess of net premiums collected after expense, with a maximum

*The following rates have been established by the War Damage Corporation:*

Item	Rates
Growing crops.....	5¢ on \$100
Farm buildings, dwellings, rural and urban, including contents.....	10¢ on \$100

No co-insurance will be required on farm buildings and dwellings, but on all other property, a 50 per cent co-insurance clause will be required, with fixed credits from the established rates for co-insurance above 50 per cent.

On Fire Resistive	On Ordinary Construction	On Non- Construction classified
Churches, hospitals, public buildings.....	10¢	15¢
Apartments, office buildings, warehouses.....	15¢	20¢
Manufacturing plants, wharves, bridges.....	20¢	30¢
Railroad and public utilities.....		30¢
Rolling stock.....		25¢
Roadbeds and trackage.....		10¢
Floater for movable property (with 100% co-insurance mandatory).....		25¢
Property in transit.....	25¢	3½¢
Vessels under construction.....		3½¢
Vessels devoted to storage or industrial use.....	50¢	75¢
Ferries, commercial hulls, storage cargo, pleasure craft.....	50¢	75¢
Pleasure watercraft and pleasure aircraft (when not in use).....		25¢

aggregate loss to them of \$20,000,000, with a corresponding percentage and amount of the net profits, if any. These fiduciary agents will be paid 3½ per cent of premiums collected to cover their costs and overhead, with a minimum of 50 cents per policy, and a maximum of \$700. The "producers"—i.e., the insurance agents and brokers—will be paid a commission of 5 per cent of premiums collected, with a minimum of \$1 per policy, and a maximum of \$1,000 per policy.

In the WDC's Regulations "A," effective July 1, 1942, provision for protection of owners of mortgage or financial interests is stated in Rule 10 as follows:

Policies may be issued to mortgagees or other holders of security or financial interests in property eligible for coverage under these regulations. The rate shall be determined according to these regulations on the basis of the coded classification of the property and risks covered and the coverage shall be subject to all the conditions of the policy. If blanket policies are issued covering mortgagee or other financial interests, the provisions of these regulations relating to "Blanket Insurance" shall apply.

(CONTINUED ON PAGE 49)



# The National Prospect

EWING GALLOWAY

*The Washington news in The National Prospect is reported for BANKING by HERBERT BRATTER.*

*Washington, D. C.*

## *Wartime business clinics*

THE DEPARTMENT of Commerce is seeking to encourage the setting up of business wartime clinics. Such a clinic it defines as a "self-help device prepared for the use of local businessmen who desire to get together and discuss current problems of dislocation and change occurring in their businesses."

The clinic is intended to help businessmen work out the best possible adjustments for their own firms to meet these changing wartime conditions. To accomplish this purpose, a clinic such as is outlined by the Department offers (1) accurate information about new wartime conditions, and (2) an exchange of ideas about the best way of meeting these conditions.

Copies of "Procedures for Conducting Local Wartime Business Clinics" may be secured upon request from the Department of Commerce, Washington, D. C., or from its Regional Business Consultants.

## *Limits on War Savings Bonds Increased*

THE LIMITATION on holdings of War Savings Bonds, Series F and G, was raised from \$50,000 to \$100,000, effective July 1. There is no change in the \$5,000 annual limit on individual purchases of Series E Bonds.

The Treasury's decision to increase the limitations on the F and G bonds resulting from numerous requests by purchasers desiring to put more of their

### **THIS MONTH**

- **Wartime Business Clinics**
- **Postal Savings** • **R.F.C.**
- **Income Taxes** • **Alien Property**
- **Regulation V** • **War Bonds**
- **Alien Property** • **Collections**
- **Earnings of Insured banks**

money into these securities. Treasury officials emphasized that this is not a new bond issue or series. The \$100,000 limitation on holdings will be placed on a calendar year basis effective for '42.

One of the most closely guarded secrets of the war was the arrival in Washington, D. C., of Soviet Foreign Commissar Molotov. President Roosevelt and Commissar Molotov are shown below in the President's study in the White House where they discussed a "second front"

Unlike Series E bonds, which may be registered only in the names of individuals, Series F and G bonds are intended primarily for larger investors and may be registered in the names of fiduciaries, organizations, corporations, unincorporated associations, labor unions and other groups as well as in the names of individuals.

The Series F bond is a 12-year appreciation bond, issued on a discount basis at 74 per cent of maturity value. If held 12 years from the date of issue the bond draws interest equivalent to 2.53 per cent a year computed on the purchase price, compounded semi-annually.

The Series G bond is a 12-year current income bond issued at par, and draws interest of 2.5 per cent a year, paid semi-annually by Treasury check. The new limitation on holdings of \$100,000 in any one calendar year in either Series F or G, or in both combined, is on the cost price, not the maturity value.

## *Income tax collection at source*

IN ANNOUNCING in detail how it proposed to collect income taxes at the source, the Treasury pointed to the following advantages: The taxpayers' convenience; "control of inflation"; and improvement of collection from small taxpayers.

"The income tax," Randolph Paul testified before the Ways and Means Committee, "is no longer a tax on the fortunate few; it has become a people's tax. This change in coverage demands a change in methods of collection. Self-assessment and quarterly instalments are no longer adequate. They should be

(CONTINUED ON PAGE 12)



INTERNATIONAL NEWS PHOTO  
BANKING



# SPEED

Unrivaled is the rapidity with which the loose leaf CCH *Standard Federal Tax Service* reports, with full explanations, the constantly changing federal tax scene. And this is not mere happenstance, not accidental.

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speed production methods in CCH's own printing department especially equipped for loose leaf publication, to assure for *Standard* subscribers the swiftest possible reporting of new federal tax happenings.

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## NATIONAL PROSPECT—Cont.

supplemented by collection at source, the only method that is suited to the needs of a multitude of new taxpayers."

The Treasury recommended current withholding of wages and salaries and of bond interest and dividends. Under the Treasury's plan, corporations and other institutions exempt from the individual income tax will file exemption certificates with the payors of interest or dividends certifying to their exempt status. Individuals who expect their total annual income to be less than the exemption and dependent credit to which they are entitled may also file exemption certificates with the payors, certifying to that effect.

### *Wants postal savings limit raised*

Congressman WRIGHT PATMAN of Texas, in one of his recent *Congressional Record* articles on the "Interest Racket on Government Bonds Sold to Commercial Banks in Exchange for the Government's Credit," suggested raising to \$5,000 the limit on individual postal savings deposits. Mr. Patman remarked:

"Incidentally, it is worth just as much to the Government in our war effort for one to invest his money in postal savings as to invest his money in War Bonds, since it will be used for that purpose anyway. The limit on postal savings now is \$2,500 per person. If the amount is raised to \$5,000 per person, I predict the system would attract several hundred million dollars more of public funds each year."

### *RFC asks for more money*

JESSE JONES needed another \$5 billions to catch up with RFC's commit-

ments. With a borrowing power of about \$9,100,000,000, RFC had authorized commitments of "something like \$13,000,000,000." Even Mr. Jones, who sometimes gets confused between millions and billions, must be impressed with the size of the job. He told the House Banking and Currency Committee where some of the billions are going:

"There are approximately \$2,000,000,000 for the construction of plants for the manufacture of aircraft, \$360,000,000 for the manufacture of magnesium, \$700,000,000 for the manufacture of synthetic rubber, \$734,000,000 for the expansion of the steel industry, \$468,000,000 for plants for the manufacture of ordnance, and \$182,000,000 for building shipyards. . . . We have bought and agreed to buy \$1,395,000,000 worth of machine tools."

"We have commitments for developing our own metals and materials, in the West principally, running probably \$1,100,000,000. In fact, we are doing a little bit of everything and a good deal of many things."

### *Collections*

WE TRIED OUT on a banking official the proposal of the Branch Banking and Trust Company of Wilson, North Carolina that only the first endorser of an unpayable check of \$500 or more be wired, so as to save expense and clerical work. This official ventured the opinion that there would be tremendous opposition to such a short cut, since—having in mind many bank failures of the early 1930s—intermediate endorsers might lose out.

### *WPB helps contractors get financing*

THE BUREAU of Finance of the War Production Board has representatives

### WAACS

A few candidates for commissions as officers in the Women's Army Auxiliary Corps taking an oath before starting on their first formal mental examination



INTERNATIONAL NEWS PHOTO  
BANKING

in 35 WPB field offices who give advice and assistance to firms engaged in war production or seeking war orders. Making no loans itself, the Bureau endeavors wherever possible to arrange financing of war work through local banks. Frequently it obtains commercial loans for war contractors or potential contractors by helping them to demonstrate that their contracts constitute a sound basis for credit.

In April, for example, the Bureau of Finance helped manufacturers obtain \$55,109,969 of financing for war production from local banks, Federal Reserve Banks, the RFC, Defense Plant Corporation, Army, Navy, Maritime Commission and prime contractors. The financing went to 289 companies throughout the country, many of which received their loans from local banks.

#### A.B.A. testifies on soldiers-sailors bill

FRANCIS G. ADDISON, JR., president of the Security Savings and Commercial Bank, Washington, represented the A.B.A. before the House Military Affairs Committee in connection with the bill relating to relief of men called into military service. Mr. Addison told the committee it would be "unfortunate if legislation were enacted which would make credit unavailable to the millions of men of military age, who, although subject to the Selective Service Act, will in all probability never go into military service, or which would make it difficult or impossible for those about to be inducted into military service to arrange their affairs and provide for their families' requirements." Mr. Ad-

dison expressed the belief that certain of the provisions of H.R. 7029 (now H.R. 7164) would have that effect.

He suggested amending in the bill the definition of "person secondarily liable" by striking out "either an accommodation party or" in line 2, page 2. The purpose of this recommendation is that a vast majority of those called to the military service desire to make arrangements for the comfort of their dependents, or the protection of their property, and if they are permitted the freedom of borrowing money, securing the lender by a willing accommodation party (other than a dependent), signing the obligation, they will thus be permitted to make arrangements to carry out this very essential need, Mr. Addison added.

#### War bonds' status clear

THE TREASURY, acting on what it terms "false and widespread rumors," officially denies that War Savings Bonds revert to the U. S. Government on the death of the bond owner. The Treasury has received a considerable number of letters from bondholders who reported they had been "informed" that the Government claimed bonds in the event of the death of holders who have named no co-owner or beneficiary.

#### Brown explains Regulation V

MARK A. BROWN, the Chicago banker who has been appointed Financial Advisor to the WPB, has been addressing bankers groups all the way from California to New York on the opportunity which Regulation V provides the banks to do a job. A few quotations from Mr. Brown's extemporaneous address before the California State Bankers Association are well worth repeating here. He frankly stated:

I believe you bankers are the fellows to handle the so-called small businessman. A bank, after all, is but a small chamber of commerce unto itself. You folks can do more real good for the little businessman than anybody can do in Washington where a lot of lip service has been given them. You with larger contractors as customers should endeavor to get the prime and subcontractor to sublet to smaller contractors in your town, to your smaller customer. My associate, Guy E. Reed, vice-president of the Harris Trust, started out a few months ago with that sole purpose in mind to try and get our smaller customers' orders from our larger customers and I can tell you he has had very good success . . .

The fellow you have been loaning right up to now and taking one hundred per cent risks doesn't suddenly become a 10 per cent risk tomorrow simply because you can get a guaranty. Maybe you only need 25 to 50 per cent of it guaranteed. Just because the machinery has been set up you shouldn't abuse it. The bankers have built themselves back



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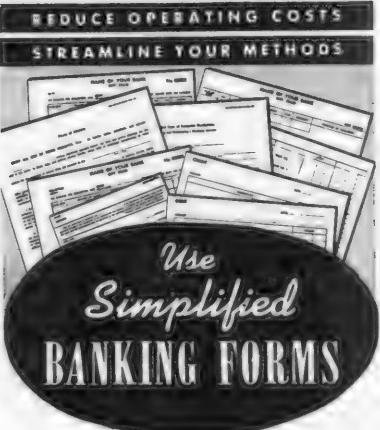
\* THE Stevens CHICAGO

\* JAY A. JONES, GENERAL MANAGER \*

#### VICTORY STAMP

A facsimile of the new "Win The War" three-cent postage stamp. The stamp, placed on sale July 4, is printed in purple ink





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#### Morgenthau will cheer

THE TREASURY wants the silver purchase program repealed, but will not ask Congress to do it. Since the Treasury's present holdings of the metal are needed by industry, it is the WPB's job to ask Congress to unlock the silver vaults. Below are some questions and answers from Secretary Morgenthau's press conferences:

Q. Mr. Secretary, you mentioned silver. . . . I understand WPB would still like some more silver, implying that.

A. Haven't they got a man, Dr. Nelson, who has been up there batting before this group? I read about it in the papers.

Q. I understand the Treasury doesn't know a way around whereby they can let them have it.

A. No, it is a question of legislation, and if WPB wants it, they can get it much better as a war measure than we could.

Q. Let them do the fighting if there is going to be any done?

A. You got it.

(Discussion off the record) With our tax bill and a few other things, we have about all we can take care of right now. . . .

Q. . . . I wanted to ask something about silver, too. Under the law you may not sell that at any price now, is that correct, sir?

A. Under the law, we can't sell any silver. Now we have got a little silver and a little there we got in a different manner—we got some from the Philippines, and little odd and ends, and that we told the committee about and that we are selling slowly. They know about it. They have no objection. But outside of that, I mean, the silver, that comes under the silver act, we can't dispose of it . . . regardless of price. . . .

Q. You have no objections to WPB taking that thing over, if they can get an O.K.?

A. No. None whatsoever.

Q. You would cheer them along, wouldn't you sir?

A. You know where I stand. I told the silver committee that, and I repeat myself, that if I had to decide it, I would strike all the silver legislation off the books, and I haven't changed.

#### Grounds for "unfreezing"

THE TREASURY announces that any interested party is entitled to file an application for the unblocking of accounts or other property on the grounds that no blocked national has an interest

in the property, and is entitled to be heard on such application. General Ruling No. 13, issued May 22, makes this clear and sets forth the procedure for filing applications. In such situation, as in all other situations arising under the freezing control, full opportunity is afforded to anyone desiring a hearing on an application.

#### What comes in goes out

DURING THE FIRST four and one-half months of 1942 the \$15,527,000,000 of Treasury outlays were financed to the extent of \$2,200,000,000 by public debt receipts, the Treasury reports. Taxes and other general revenue provided \$5,860,000,000.

The Treasury reports voluntary purchase of \$3,117,000,000 of War Savings Bonds and Stamps during the period, "which indicated the widespread popularity of this class of security, particularly in the light of the limit on maximum purchases permitted in any one year."

The cost of the war is expected to increase progressively from the present rate of about \$3,500,000,000 a month to more than \$5,000,000,000 a month by the end of the calendar year 1942.

#### Eccles urges stable wages, prices

IN A SPEECH before the District of Columbia Bankers Association, Chairman Marriner S. Eccles of the Federal Reserve Board discussed inflation controls. Mr. Eccles stated:

We are now at the stage in our war effort at which, on the whole, wages and prices have reached a level that will call forth the maximum of effort and production. In other words, I do not believe it can be successfully shown at this stage that increases in prices, salaries and wages are necessary to stimulate incentive and call for further production. The time has been reached, therefore, when effective mechanisms are necessary to prevent prices from passing into a dangerous inflationary spiral. Price and wage controls alone are not enough. Taxes, debt reduction and savings must play their part in combatting the upward spiraling of prices.

#### Alien property

ALIEN PROPERTY CUSTODIAN Leo T. Crowley, pursuant to instructions issued by the President on April 21, has been investigating and seizing alien-controlled patents at a rate which at this writing approximates 1,000 a week. There are in all some 40,000 to 60,000 patents controlled by nationals of the six nations with which we are at war. Patents that either have or will be seized are the I. G. Farben's artificial rubber and magnesium processes. One batch of 80 Japanese patents seized

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included many in the mechanical and electrical fields, and several relating to processing metals.

#### 1941 earnings of all insured banks

GROSS EARNINGS and current operating expenses of the insured commercial banks of the country in 1941 were higher than in any year of deposit insurance, the Federal Deposit Insurance Corporation reports. Gross earnings were \$1,730 million, which exceeded by \$99 million the previous high reached in 1940. The increase in gross earnings was partially offset by an increase of \$71 million in current operating expenses, so that net earnings increased by only \$28 million during the year.

#### Steagall honored

A PORTRAIT of the Hon. Henry B. Steagall, chairman of the House Banking and Currency Committee, by Howard Chandler Christy, recently was presented to the committee at impressive ceremonies.

Mr. Steagall represents the Third Congressional District of Alabama, having been elected to the 64th Congress and has served continuously since. Only six members of the present House of Representatives have had longer service than he. For 28 years he has been a member of the Banking and Currency Committee and for the last 12 years has been its chairman.

The portrait was accepted, on behalf of the committee, by Representative Clyde Williams of Missouri, and for the House of Representatives by Speaker Bankhead.

#### Protection of records

Warning against the destructive power of the bombing plane, Collas G. Harris, executive officer of The National Archives, urged records officers of Federal agencies to take the steps necessary to protect their records against possible bombing. Banks, too, may profit from this advice. The National Archives official declared that "a satisfactory protective program cannot be improvised after bombs begin to fall. The best information available," he stated, "indicates that if records are within 100 miles of either coast or border, there is a chance that they will be bombed."

Removal to safer parts of the building, microfilming, or evacuation to inland depositories are offered as feasible protection moves. The shortage of microfilming equipment dictates use of reproduction only when records are of the very highest importance.

## MR. CORNELIUS' SHIPS UNLOAD THEMSELVES



DEEP water men said it couldn't be done. But today two ocean-going self-unloaders regularly carry coal between Atlantic coast ports. They're operated by the Buffalo shipping firm of Boland & Cornelius, which also has the largest fleet of self-unloading coal and limestone carriers on the Great Lakes.

Hauling as much as 12,000 tons at a time, these big ships unload automatically in 6 to 8 hours, a job which by old methods required 24 hours. Like many a prominent upstate business firm, Boland & Cornelius rely on the MARINE for every banking need.



MARINE'S "NIGHT SHIFT"—the only night transit department in Western New York can save you as much as 24 hours in presentation of cash items throughout New York State. We meet all Buffalo planes and trains up to three A. M. You get quick modern service from the MARINE whether your head office is in Buffalo or in New Orleans!



MR. ADAM CORNELIUS, Partner in Boland & Cornelius and Chairman of the Board of Directors of the American Steamship Company, says, "If a business acquaintance from out of town asks me about Buffalo banks, I send him to the MARINE. They're not only the biggest bank in Buffalo, but through 91 affiliated Marine Midland offices they render a unique service throughout New York State".





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Pushed to Give Small Companies  
War Work Regardless of Credit Record

*Bill to Aid Small Business  
Adopted by House 344 to*

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cago Banks  
xious To Co-operate  
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ans To Small Business

**TO AID SMALL  
NESS PROPOSED**

**SMALLER BUSINESS  
SEEKS UNIFIED PLAN**

**Banks Willing to Extend  
Loans to**

**Banks Must Be Special Champions...**

Factors Combine to Check This Profitable Ac-  
tivity for Commercial Banker, However—Neu.

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JULY 1942

**Of Small Business  
In War Production**

WASHINGTON, D. C.—Donald M.

**SMALL BUSINESS**

**IS URGED BY AP**

**Tell Small Business**

**Men's Group Banks Are**

**Eager To Make Loans**

**USI APPROVES NEW PRIORITY**

**GIVE MATERIALS AID TO SMALL F**

**NEW PLAN OFFERED  
FOR LITTLE PLATE**

Senate Committee Gets B  
Set Up \$100,000,000 Fu  
for Capital Loans

**NEILSON FAVERS**

**Men's Group Banks Are**

**Eager To Make Loans**

**Oct. 14.—Small**

**Groups are studying**

## Small Business Needs a Friend

THOMAS H. REED

The author, an eminent authority on municipal planning, is a frequent contributor to BANKING. His most recent article, "The American City, Post-War" appeared in the March issue.

**I**N SPITE of the growing knowledge of the economics of war production and the expressed sympathy of the national administration for the small businessman, very little has actually been accomplished on his behalf.

The basic reason is to be found in the fact that the persons and groups which have done the talking and planning have had nothing much to do with the actual letting of contracts. The great procurement agencies, for their part, have had no interest in the secondary economic effects of their methods of distributing war orders. Whether they could have done better or not with a different policy is an academic question. The fact is they have not found and do not seem likely to find a practical way to spread orders among small industries.

Even the WPB's new policy of utilizing existing facilities in place of encouraging future plant development, though it seems to recognize in principle the underlying argument for the enlistment of small business, is likely to do small businessmen in general less than no good. The very material shortages which are causing the

WPB to divert essential commodities from new construction to immediate production will stand heavily in the way of plans to recondition and adapt small plants not immediately convertible to war production. Even those plants which are so convertible, whose managers have waited until now to seek war orders, may fail to get them if, as is likely, the existing contractors exhaust the supply of basic materials.

**A**LTOGETHER, it seems small business needs a friend. It has little to hope for from Washington. No workable general scheme for its advantage seems to be emerging from the hectic centers of war effort. If nature is simply allowed to take its course, a long war—and it looks like one—will strew this country with the wrecks of small business, small communities, and, by consequence, small banks. In the long run this will not be good for the country as a whole or banking as a whole.

Something must be done for small business and that something must begin on the community level. As the Fall elections draw near it may be showered with words by politicians of both parties. What it needs, however, is practical guidance and help in adapting small enterprises to the trying conditions of the times. Small industries might get some more war orders if banks instead of

---

### *Keep Them Going . . .*

*If nature is simply allowed to take its course, a long war . . . will strew this country with the wrecks of small business, small communities, and by consequence, small banks.*

★ ★ \*

*Something must be done for small business, and that something must begin on the community level.*

★ ★ \*

*The watchword for banks in relation to small industries should be "Keep Them Going" . . .*

★ ★ \*

*Banks whose prosperity, after all, is never more than the mirrored image of community prosperity, must take thought. . . .*

★ ★ \*

*Defense depression is by no means peculiar to small places. Gigantic New York is suffering intensely from the same disease as its little sisters of the West.*

★ ★ \*

*It is obviously to the interest of banks to keep down as far as possible the extremes of depression and stimulation which the war effort now entails. For this reason the banks should be the special champions of small business threatened with extinction in our war production program.*

★ ★ \*

*We have reached a point, apparently, where the congestion of war industries in certain localities threatens a series of economic embolisms.*

★ ★ \*

*The country is full of great guys, bankers included, who "can take it." Their patience does not lessen the fact, however, that the crop of ghost towns—and ghost banks—now in the making all over the country will be not only tragic for everyone immediately concerned, but will deeply complicate the problem of post-war reconstruction.*

---

waiting for sub-contractors to come to them for loans would take the lead in lining up local industry to try for war contracts. Some small industries have exhausted every means of presenting their resources to the procurement agencies, but many of them in simple bewilderment are facing death by priority with folded hands. If war orders cannot be obtained, methods may be found of keeping small concerns in business by the use of substitute materials or by diversion to some other form of civilian production. In this the banks can be most helpful.

If nothing else can be done, steps should be taken to preserve the assets of small industries in such shape that when the war is over they can open up once more. Wholesale liquidations of small businesses will vastly intensify the gloom that is settling over the depressed sections of the country. They will imperil the safety of the banks themselves. It takes only a little while in the climate of North America for neglected buildings and machines to become useless. A ruined factory will be a bad nucleus for the community's post-war effort at self-preservation.

The watchword for banks in relation to small industries should be, "Keep Them Going," even if it is only to keep buildings and machinery in order and the business if possible out of the bankruptcy court. A bank may strengthen itself in the public regard and ensure its future position by leading the community in such a program of community salvation. It does not offer the guaranteed profits of loans made under Executive Order 9112. It may mean some sacrifice through the tough years immediately ahead. But if it be true, and it is, that a bank's best long-run asset is the permanent productive capacity of its community, the bank which exerts itself to prevent the collapse of small industry will be buying much needed insurance for the future.

FEW apparently have fully grasped the significant relation between the plight of small industry and the extremes of boom and depression which are now becoming manifest from community to community. Even the fact that the original purpose of Executive Order 9112 was to open the way for bank loans to subcontractors and other small war industries seems in a fair way to be forgotten. The first 30 loans approved under Regulation V in one Federal Reserve District averaged more than a million dollars each.

In general it appears that guaranteed loans to small industries are not becoming a major feature of the war production landscape. For this the banks are by no means wholly responsible. They cannot make loans for war production except to establishments which get government contracts and no revolution in favor of small industry has yet occurred in the procurement agencies. The number of subcontractors still remains moderate.

The situation of small industry has caused many communities to suffer from a deepening depression. Other communities are perched precariously on the rising peaks of war-order booms. Banks, whose prosperity after all is never more than the mirrored image of community prosperity, must take thought concerning these things and what to do about them.

Long before Pearl Harbor the defense program had produced notable extremes of economic activity and disemployment. Washington had concentrated its war orders in a relatively small number of prime contractors. As late as December 1941, adding prime and subcontractors together, only 10,000 of the nation's 184,000 industrial establishments were participating in defense production. At the same time priorities and other restrictions had reduced or eliminated the normal activities of thousands of enterprises, involving the enforced idleness of two to three million employees.

*"Eager news gatherers trample on one another to file stories about the mushrooming of cities like San Diego, Seattle, or Detroit. Industrial workers are not conjured up by necromancy. They must come from somewhere. Where they come from an economic vacuum is left."*

The crowded parking lot of the Chevrolet plant, Detroit



WIDE WORLD

There resulted a vast and haphazard migration of workers from the farms and the depressed areas to the defense centers. Thousands of improperly housed men, women and children were crowded together in some of these places under conditions which inevitably lead to moral and physical deterioration. The congressional committee appointed to investigate national defense migration found many other localities suffering from a new disease, "priorities unemployment."

Aggravated cases of this malady sometimes were found in the same patient along with the fevered state produced by overdoses of war boom. Aluminum restrictions, for example, cut in half the payrolls of a Wisconsin aluminum plant. Shipyards in the same city got contracts running into the hundred millions. Only a few of those who had been making pots and pans, however, could get work building submarines. As we have got deeper into the war effort, labor shortages at one end of town, matched by growing relief rolls at the other, have become more common. Men cannot be shifted over night, even where distance is not a factor, from a silk mill to a tank assembly line or from running a sewing machine to adjusting bomb fuses.

THE consequences are much worse in those towns where "priorities unemployment" is not offset by expanding war industries. How serious they may become is only just beginning to be realized. The gradual decline of inconspicuous communities is not news. It takes destruction by earthquake, tornado, flood or bombing raid to get them a few sticks of type in the big city papers. Dying by inches, they are of no interest to anyone outside their borders. Eager news gatherers trample on one another to file stories about the mushrooming of cities like San Diego, Seattle or Detroit. The world has been told repeatedly how airplane production has doubled the 1940 population of Wichita. It is hardly thought of that this phenomenal growth has been at the expense of many other Kansas municipalities. Industrial workers are not conjured up by necromancy. They must come from somewhere. Where they come from an economic vacuum is left.

The Committee to Investigate National Defense Migration in the Fall of 1941 heard many witnesses

from the small cities of the Middle West. The president of a small college wailed, "We are losing many fine young men and women from our farms, our stores, our schools and our homes." Five out of seven employees of a newly equipped Nebraska machine shop left in one day for the Pacific Northwest and high pay in airplane factories. There are hundreds of pages of similar testimony in the reports of the committee.

BAD as the situation was then, it has grown much worse since Pearl Harbor. From small places with small industries the war has taken and taken and given nothing back. It has taken the flower of their youth for military service and their mature mechanics for the war plants. Their little industries have been cut off more and more from the use of materials. June 1 was the deadline for manufacturing some 50 small electrical appliances and other commodities like metal ash trays. June 13, 40,000 manufacturers had to stop the use of iron and steel in the production of 400 commodities. By August 3 they will have to stop assembling those already manufactured. In a few weeks the list of prohibited articles is likely to rise from 400 to 1,000. Empty houses, boarded-up stores, relief rolls growing in the face of declining municipal revenues, that is the future not of a few exceptional places but of literally thousands of them.

There is, it is true, little complaint. Occasionally bitterness boils up as in these lines from the Red Oak (Iowa) *Express*: "If Washington uses the war to destroy small business and ruin small communities one-half the people of this nation will become paupers and peasants." Generally speaking, however, their depression is accepted as one of the hardships of war to be borne in silence. The country is full of great guys, bankers included, who "can take it." Their patience does not lessen the fact, however, that the crop of ghost towns—and ghost banks—now in the making all over the country will be not only tragic for everyone immediately concerned, but will deeply complicate the problem of post-war reconstruction.

Defense depression, moreover, is by no means peculiar to small places. Gigantic New York is suffering intensely  
(CONTINUED ON PAGE 50)

# What It Takes

WILLIAM POWERS

*Here is the second in the series of articles by the Director of Customer Relations, American Bankers Association, on the elements that make a banker.*

**S**o, Junior Banker, you are still with me, and you are willing to chat for another spell on what it takes to be a banker?

Let's see, what were those essential elements we started talking about last month? Oh yes, you do recall. We listed 10 as I remember—appearance, personality, industry, speed, accuracy, cooperation, knowledge, adaptability, initiative, and executive ability. And we decided we'd use appearance and personality as the basis for our present session.

"Just a minute," you say, "I've been thinking that list over and it strikes me that maybe in times like these we should skip the first two items and get on with others such as industry, speed, and accuracy—elements that are more closely related to the war needs of the moment. Don't you think I'm right on that?"

No, Junior Banker, I don't agree with you. I'm not intimating that the other elements aren't highly important, especially in these days of all 'round stepped-up production, but appearance and personality are essential too, not only in the banking business, but even in the Army. If you don't believe me, ask General MacArthur. Look at his picture and note the thrill and feeling of assurance you get just from the man's appearance. Think back over the days when he held Bataan and when he took supreme command in the South Pacific. Remember the miracle wrought by the sheer force of his personality? Millions of people in the United Nations got a morale lift that might well prove to be the turning

point of the war. Remember, too, that what is true of General MacArthur in respect to appearance and personality applies also to most of our American soldiers.

"All right," you remark, "the General and our military forces win the point. I'm more than willing to concede that our fighting men have two strikes on the enemy when it comes to looks and conduct. So I withdraw my statement. I can see the importance of elements one and two and I'll take an earful of such comments as you care to make about them, but please move back from the Far East and shape your remarks to fit me in my bank."

**V**ERY well, we may get a little personal in our discussion of "appearance" but I'm sure you won't mind since this is a strictly confidential conference we're having. The rating scheme (yardstick) we have set up has under the general heading of "appearance" four subheadings or gradations. They are: slovenly, ordinary, appropriate, and striking. Kind of broad, aren't they? There is really nothing very scientific about the terms, but, on the other hand, those are the words you would most likely use if you were trying to classify a person's appearance.

We won't spend much time on "slovenly" because the likelihood is that if such were your rating you would not (or you ought not) be on the payroll. There is no place (and no excuse) for a slovenly person in the banking business. Yet, I must confess that here and there throughout our banks we have a number of men and women who are out of place because of their apparent disregard for even the basic requirements, as concern personal appearance, demanded by positions that involve public contact. I've seen bank men wearing soiled

## A. I. B. Leaders at New Orleans Educational Conference

**EXECUTIVE COUNCIL:** left below, seated, G. E. Powell, Kansas City; W. C. Way, Cleveland; D. E. Simms, Salt Lake City; G. T. Newell, New York City; J. L. Dart, Jacksonville; C. E. Johnson, Chicago; W. C. Pitner, Chattanooga; standing, D. T. Scott, Boston; P. A. Doyle, Oakland; V. H. Lloyd, Charleston, W. Va.; J. H. Gormley, Seattle; E. W. Pollock, Tulsa; Garnett Carter, Atlanta; D. W. Correll, Milwaukee; and E. F. Matthews, Philadelphia . . . **WOMEN'S LEADERS,** right, below, Miss Dorothy Dix, nationally known journalist, spoke at Non-delegate Women's Luncheon; Miss May F. McCusker, retiring chairman, National Women's Committee; and Miss Marion I. Heffron, chairman, New Orleans Women's Convention Committee





NATIONAL PUBLIC SPEAKING CONTESTANTS AT INSTITUTE NEW ORLEANS CONFERENCE: seated, left to right, T. F. McGuigan, San Francisco; A. M. Nordi, Tacoma; C. F. Tuttle, Houston; V. R. Liptrap, Chicago; standing, F. M. Clark, Minneapolis; R. N. Berkefeldt, Newark; J. W. Clay, Nashville, contest winner, who received the \$500 Giannini award; and R. A. Potter, New York City. . . . MISS MARION G. REIFFUSS, Corn Exchange National Bank & Trust Company, Philadelphia, right, assumed the chairmanship of the National Women's Committee at New Orleans

linen, wrinkled coats, spotted vests, baggy pants, frayed ties, long hair, embryonic beards, finger nails in mourning, and with a general appearance suggesting that the OPA must be rationing soap and water.

"Quit joking," you interrupt. "If such people ever got into banks, they surely wouldn't last long. They'd be discharged, wouldn't they?"

I'm not joking, I'm serious. Of course, if any one individual were to display the entire combination of slovenly points just mentioned, he'd be fired in short order. But if a person is careless about only one or two of the "little things," he may get by his boss for a considerable period.

The sad part of the situation is that very often the boss doesn't notice the condition but the customers do, and although they say nothing about it, they carry with them a poor impression of both the offending person and his bank. Really, Junior Banker, maintaining proper appearance is primarily a personal responsibility.

**M**OST of us do recognize and assume this personal responsibility, but just to make sure that we never overlook any single thing that might be distasteful in our appearance, let's leave "slovenly" as a sub-measuring mark on our yardstick as a reminder for careful periodic check.

Now, the other gradations under the heading of appearance merely move up the scale a notch at a time. The words "ordinary," "appropriate," and "striking" are subject to a lot of variations in definition, but cleanliness, neatness, conservatism, and a fair degree of good taste have a distinct bearing on each grade.

Instead of going into a lot of detail, I'm going to pass you just one practical tip on the procedure you might follow in order to assure your moving in the right direction. Select a model for yourself. From among your banking acquaintances, pick one who is already successful and who has a pleasing or attractive appearance; then copy that person in as many of the details as will fit your particular case.

"Fine," you say. "While you were talking I decided on my model. Now, what about 'personality'? You said

you were going to mention a few angles on that."

**I** SHALL, but like J. Stanley Brown, personnel manager of the Chemical Bank and Trust Company, New York City, I am extremely hesitant about trying to define personality. In his book, "The Facts of Life in Business," Mr. Brown says: "Of one thing you may be very sure: those who describe personality as mere personal appearance are in error.

Personality is not a matter of shoe polish, haircut, or the crease in a pair of trousers. Those things are external, whereas personality is internal, the reflection of something within a man's heart and soul. Grooming may partially reflect that inner human being; but no more than that . . . There exists no standard, no measuring rod, as to what does or does not constitute 'a good personality.' There are as many different types of good personality as there are people . . ." who possess the elusive quality."

I heartily agree with Mr. Brown but still I can't leave you without some idea of what it is your boss uses as a base for his conclusions concerning your personality. Here are four of the angles he checks you on:

1. *Colorless personality—tacless, poor manners;*
2. *Civil disposition—ability to handle simple contacts;*
3. *Pleasant disposition—usually discerns best course of action; and*
4. *Very easy to get along with—very diplomatic and tactful.*

There you are, J. B.; our time is up now. I hope I've helped you at least a little. Follow your model. Keep up that appropriate appearance you now have. Develop the art of being "easy to get along with." Consciously cultivate diplomacy and tact.

Next month, if you're still with me, we'll talk about the next two marks on our yardstick.

Incidentally, you might glance again at the pictures on this page. The American Institute of Banking long has been a factor in developing the necessary qualities in bank men and women. Class instruction, through chapters and study groups, is now within the reach of every bank employee of the country.

# Ration Card Banking

F. BRADSHAW MAKIN

*In these days of rationing and rumors of rationing at home, Mr. MAKIN's account of Britain's coupon banking is particularly interesting, even if it hasn't yet happened here.*

"The plan," he says, "is to facilitate the transfer or passing on of coupons from retailer to wholesaler, and wholesaler to manufacturer, etc., and also to prevent any fraud or illicit dealings."

"Let me make it quite clear that coupons do not take the place of cash or currency. No one can pur-

*chase any rationed article—i.e., subject to coupon—without paying over to the storekeeper both cash and coupons. Just as the individual surrenders coupons when purchasing, say a shirt and collar, so must the retailer pass on those coupons when replenishing his stock from the wholesaler, and the wholesaler in turn passes on coupons to the manufacturer."*

*Mr. MAKIN, who lives near Manchester, England, has written a number of articles for BANKING in recent years.*

THE British banks, already feeling the effects of staff shortage, are being called upon to undertake the unprecedented task of clothing coupon banking. The fact that the banks have been asked to carry out this work as agents for the Board of Trade is indicative of the high regard in which the efficiency and integrity of the banking system is held.

In outline the scheme is that traders and all others who in the course of their business collect and/or surrender clothing coupons must open with their bankers special coupon accounts and pay in to the accounts all coupons or coupon equivalent documents they receive. In like manner, any surrender of coupons will be effected by drawing on the account a special coupon check, known as a transfer voucher.

The persons opening these coupon accounts are the retailers, wholesalers, makers-up, merchants and manufacturers of goods for which clothing coupons have to be given up, the makers-up of goods produced wholly or partly from cloth, and institutions allotted coupons by the Board of Trade for the purchase of uniforms, protective clothing, etc., for their employees. In essence the scheme is obligatory upon all who deal in rationed clothing.

The bank staffs are not required to handle or count the actual coupons. The deposit of the coupons is made by the traders who will use special envelopes for the purpose, which are to be sealed before deposit at the bank. The official coupon envelopes are in three sizes to contain not less than 98, 490, and 980 coupons respectively. These will be credited to the customer's account as 100, 500, and 1,000 respectively, the 2 per cent discount being intended to compensate traders for the unavoidable loss of rationed goods which arises through pilferage and similar causes. The envelopes are to be passed on unopened by the banks to collecting offices of the Board of Trade.

SPEAKING generally, most traders will only have one coupon account which must be kept at the branch bank where the ordinary financial account is maintained. Where, however, a firm has a number of branches which pay in their cash takings at a local branch bank for the

credit of the head office account, then such branches will have to open coupon accounts at the local branch. In this manner many chain store branches will have coupon accounts with a bank, though no financial account is maintained at the particular office.

The services of the banks in respect to coupon accounts are to be free; there is no charge either for service or for the relevant documents. As the banks are acting as agents of the Board of Trade, the Board will remunerate them for their services by payment of a pro rata commission.

A further proviso is that the normal legal responsibilities devolving on banks when conducting ordinary banking accounts shall not apply.

IMMEDIATELY the routine arrangements of the banks and the Board of Trade have been settled, traders must approach their bankers and obtain an application form for the purpose of opening a coupon account. The application forms when completed are handed in to the banker who retains one part and sends the other part to the Board of Trade. On the opening of the account the customers will be provided with a supply of the official coupon envelopes, a credit or paying-in slip book, and a supply of blank coupon checks known as transfer vouchers.

The payments into the coupon account by a trader will consist of loose coupons in the official coupon envelopes and also any transfer vouchers that have been received from other traders, etc. It is to be noted that only actual coupons are to be placed in the envelopes; the transfer vouchers are to be paid in as they are, and kept separate from the coupons. The paying-in slip will show the total number of coupons being paid to credit, i.e. the number of coupons as per the envelopes plus the coupons represented by the transfer vouchers.

The duties of the banker when receiving payments to credit are to see that the name of the account holder appears on the envelope and agrees with that on the credit slip; to see that the envelope is properly sealed down on receipt and that the signature of the customer appears on the flap. If all is in order, the bank stamp is impressed on the envelope but without obliterating the

name or other details given by the customer. The envelopes, as stated previously, must not be opened, but together with the transfer vouchers are to be kept in safe custody until they are sent to the collecting offices of the Board of Trade not later than once a month or as soon as the number on hand is sufficient to warrant despatch.

The transfer vouchers at the time of payment in to credit should bear the name of the account to be credited and a confirmation by the issuing bank. Particular instructions have been issued to the effect that transfer vouchers which show any alteration, must not be accepted, even though the alteration purports to be authenticated by initials or signatures.

A bank will not credit a transfer voucher to a trader account if—

1. The voucher has not been confirmed;
2. It contains any discrepancy or the slightest alteration whether initialed or not;
3. If it is made out to a trader other than the one paying it in to credit; and
4. If it is more than a month old.

If a trader has returned to him for any reason whatever one of his own confirmed transfer vouchers he must pay it back into his own account to bring his coupon account into order again, before issuing a new and correct transfer.

(CONTINUED ON PAGE 53)

### Paying-in Slip

<b>Counterfoil *</b>		<b>Consumer Rationing Order</b>	
BANK STAMP AND INITIAL		CREDIT SLIP *	
Date: 10 July 1942		A/ct J. B. & Co. Blanktown.	
<b>COUPONS, ETC.</b> 3 Envelopes @ 100 1 " @ 500 Nil " @ 1000  Other envelopes {  Sub Total		<b>COUPONS, ETC.</b> 3 Envelopes @ 100 1 " @ 500 Nil " @ 1000  Other envelopes {  Sub Total	
TRANSFER VOUCHERS	From Customers	No. of Coupons	No. of Coupons
Own Cancelled	5	300	300
Total	..	500	500
Total	2439	...	...
* Both Counterfoil and Credit Slip must be completed before paying in			

### Transfer Voucher

BR 35489 Own Counterfoil * Date: 10 July 1942  TRANSFER TO A. B. & Co.	Consumer Rationing Order TRANSFER BR 35489 VOUCHER * Date: 10 July 1942  Transfer to the coupon account of A. B. & Co. The number of coupons stated below (in words) One thousand and eighty-five By Order of J. B. & Co. F. Brown (Partner)	BR 35489 BANK Counterfoil * Date: 10 July 1942  Transfer to A. B. & Co. By Order of J. B. & Co. F. Brown (Partner)
No. of Coupons in figures  1085	No. of Coupons in figures  1085	Confirmed by  BANK STAMP AND SIGNATURE
* The voucher and both counterfoils must be completed before the voucher (with its right hand counterfoil) is presented to the board for confirmation.		
No. of Coupons in figures  1085		

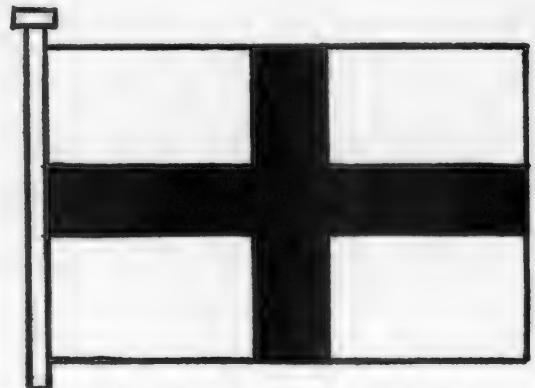
# The Flag of the United States

*THE flag on the cover of this issue of BANKING is the one displayed at the headquarters of the American Bankers Association in New York City. The evolution of "Old Glory" is a part of our history that every American should know and cherish.*

## Significance of Our Flag

*THE "Stars and Stripes" of the United States has been called the soul of our nation, for it symbolizes our national hopes, ideals and aspirations. In it is written the history of the nation. The stripes stand for the courage, loyalty, deprivations and struggles of the 13 original colonies. Red, white and blue symbolize courage, liberty and loyalty. The designer of the flag—now thought by competent authorities to be Francis Hopkinson, an artist, who was a member of the Naval Committee and a signer of the Declaration of Independence—gave it seven red stripes, which places red instead of white at top and bottom, to give the flag a distinctive outline.*

*Each star records the admission of a sovereign state into the union. It is not known how the star came to be adopted. When used as an ancient symbol in Egypt, Persia and India it signified sovereignty and dominion. But to our forefathers the star had another significance. The act of Congress of June 14, 1777, adopting the flag, prescribed "that the union be thirteen stars, in a blue field and representing a new constellation."*



*The British Admiral's Flag, shown above, with the St. George's cross, in red, on a white ground, answers the description of the first flag to fly over the North American mainland*

## America's First Flags

*THE first flag flown in the British colonies in America was a square of white silk bunting adorned with the large red cross of St. George. It was the English flag and was carried by John Cabot in 1497 when he discovered the North American continent.*

*In 1686 Sir Edmund Andros, governor of New England, designed a flag showing the cross of St. George on a white ground, with the initials "J. R.," signifying "Jacobus Rex," in the center of the cross, surmounted by a crown. The New England flag of 1737 was blue with a cross of St. George in the center, with a globe in the upper left hand corner.*

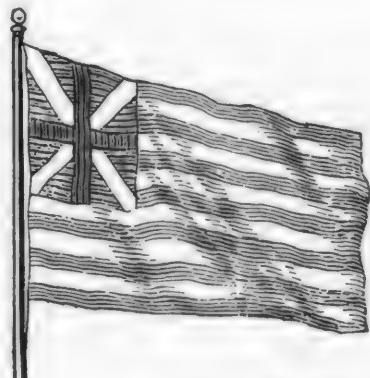
*During the early days of the Revolution each state adopted its own flag. The Massachusetts flag bore a pine tree; South Carolina's, a rattlesnake; New York's, a black beaver; and Rhode Island's, a blue anchor on a white ground.*



*The Massachusetts Pine Tree Flag, left, had a white ground. Variations of this flag were widely used*



*The first Union Flag, right, was an adaptation of the red British ensign by the use of six white stripes across the red field*





The hoisting of the first United States Flag in January 1776 during the siege of Boston, above, from a painting by Clyde O. DeLand. General Washington is shown participating in the ceremonies

### Evolution of the Stars and Stripes

STARS first appeared on an American flag hoisted on the armed schooner Lee in 1775. It had 13 five-point stars in a blue canton on a white banner. In the center of the flag was a blue anchor, and at the top a scroll bearing the word "Hope."

In 1775 Washington asked Congress to adopt a flag, but no action was taken; however, on January 2, 1776, the day the new Continental army "came into being," a new flag was hoisted in the American lines besieging Boston. It was merely the British red ensign modified by placing six white stripes on the red field. This gave the flag 13 red and white stripes, with the English cross of St. George and the Scottish cross of St. Andrew as a canton.

This flag continued to be the Continental emblem until the adoption of the "Stars and Stripes" on June 14, 1777, by an act of the Continental Congress, almost a year after the signing of the Declaration of Independence. The only change in the new flag was the substitution of a union of 13 stars to replace the union of the crosses of England and Scotland.

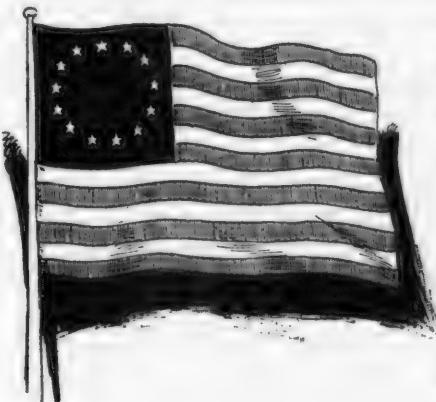
The stars on the canton in the early days were variously arranged.

Authorities disagree as to when the new flag was first flown. It was announced September 3, 1777.

From 1777 to January 1794, when Congress, in recognition of the admission of Vermont and Kentucky, voted to add two stripes and two stars, there was no change in the flag. The new flag, with 15 stripes and 15 stars, inspired Francis Scott Key to write "The Star-Spangled Banner" during the bombardment of Ft. McHenry, Maryland, in 1814.

This design remained unchanged until April 18, 1818, when, with 20 states in the union and more in prospect, Congress ruled that the flag should contain 13 alternating red and white stripes representing the 13 original states, and that a star should be added for each new state on July 4 following its admission. When New Mexico and Arizona came into the union in 1912 the 47th and 48th stars were added.

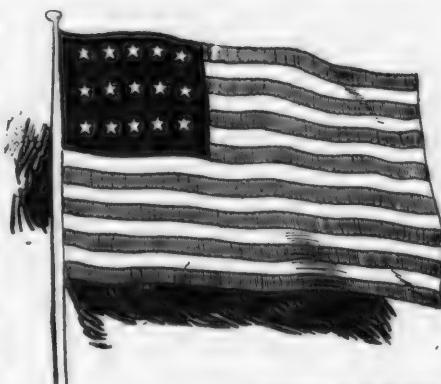
Encyclopaedia Britannica and The Flag of the United States—Its History and Symbolism by James A. Moss are our authorities.



The first "Stars and Stripes" adopted in 1777, left. This reproduction shows the stars arranged in a circle

\*

During the War of 1812 the United States Flag had 15 stars and 15 stripes, right. This was the flag that inspired the "Star-Spangled Banner"



ILLUSTRATIONS BY CULVER SERVICE

# Serving Savers

G. FRED BERGER

*In this article Mr. BERGER, treasurer of the Norristown-Penn Trust Company of Norristown, Pennsylvania, continues his discussion, started last month, of a possible savings account contract that would ease the liability problem of banks. The June article, "Competition for Savings," quoted a clause in the Morris Plan contract wherein the bank reserves the right to limit aggregate savings withdrawals in a month "to an amount not exceeding its net receipts of the preceding month, in which event withdrawals will be allowed in the order presented."*

LET'S consider, from the point of view of savings depositors, bankers, and supervisory authorities, just what the adoption of such a protective clause would achieve:

## *From the Savings Depositor's Viewpoint*

As stated in last month's article, experience of the Morris Plan banker has shown that if assets are properly invested on an amortizing basis, it hasn't been necessary to invoke the protective contract.

Suppose conditions were such that it was needed. The depositor at once may be assured that rushing to the bank to get ahead of the other fellow wouldn't be an advantage; and we know that just that possibility is one reason for at least part of our present investment limitation and our resulting low ratio of earning assets. The depositor, therefore, has stability assured, and the higher ratio of earning assets made possible by the protective clause—and the resultant higher earnings—would enable payment by the banks of a better rate of interest on savings deposits. Their competition for the savings dollar would be greatly strengthened, an important factor if credit for expansion purposes is to again come from savings, as it is believed it should.

## *From the Banker's Viewpoint*

JUST consider what an elimination of the "Banquo's ghost" of possible unrestricted withdrawal demand could mean! If commercial bankers dared invest 75 to 85 per cent of their present savings accounts in sound instalment paper, in good mortgages, in intermediate credit loans, and, in more normal times, in longer term higher rate bonds, could we afford to pay better rates and would our net earnings be higher?

The question of a possible preference for demand depositors, if this additional protective clause were made operative, has probably occurred to you. Of course the savings depositor, who has been taught to expect interest on his deposit and immediate availability, is in the long run expecting the impossible, and bankers in continuing to extend such a service are continuing a

contract, the performance of which will be increasingly difficult if they are to compete effectively for the savings dollar.

The savings depositor, no more than any other human being, cannot continue to "have his cake and eat it, too." Actual segregation of demand and savings deposits would eliminate the question of preference, but isn't it a fact that the present notice of withdrawal requirement with regard to time deposits already creates a possible preference? That being the case, the possible objection as to preference already exists and isn't changed by the suggestion I am making.

After all "the proof of the pudding is in the eating," and the Morris Plan type of bank has performed in an entirely creditable manner and to the satisfaction of its depositors through what has been a serious period for all banking.

## *From the Supervisory Authorities' Viewpoint*

WITH such a protective clause easing the savings liability problem of banks, the supervisory authorities could well feel that their present program of easier restriction against longer-term credit could be carried out with safety. Their policies could be more effectively concentrated on the methods which banks are following in creating and administering instalment and intermediate credit loans, and the constructive criticism of their examiners could be made more effective and valuable to the banks under their supervision.

THE Federal Deposit Insurance Corporation would most certainly be relieved of at least a good part of what is now an ever-present contingency—that of mass demand. We like to feel that such a condition wouldn't happen; but if we really feel that way, why the ever continued provision for liquidity? True, many banks could and would make more loans, but when are we likely to be called upon to make them? In the meantime, intermediate and instalment credit awaits service in thousands of localities. Regulation W does affect this type of loan but does not eliminate it except where instalment purchases are involved. This market can be effectively served if banks have a proper protective clause with depositors.

Deposit insurance as it is at present being administered is becoming increasingly effective. Why shouldn't the banks aid it and all parties concerned by adopting a protective clause which would more nearly reconcile their contract of liability to savings depositors with the form of asset in which present-day conditions are requiring banks to invest to a greater degree than ever before?

And the Reconstruction Finance Corporation would certainly have its equities better protected by such a

(CONTINUED ON PAGE 43)

# With RECORDAK you can provide maximum safety for your depositors' personal papers



The depositor brings you his valuable papers.



Recordak transfers them to microfilm.



The reel goes into this indexed carton.



The carton goes into one of your safe deposit boxes. If the depositor hasn't one already, he rents one.

**I**F RECORDAK is in your bank, then you're already familiar with its lightning-fast operating speed . . . its ability to compress a full day's work into an amazingly short space of time. Chances are there are substantial periods during the day or evening when your Recordak installation is not in use . . . periods when it could be working for your depositors.

With the United States at war, many of your depositors are sure to be concerned about the safety of their important personal papers. Recordak, "compressing" bulky documents into tiny rolls of film, makes possible bank-vault storage.

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# The LEGAL ANSWER PAGE



## Supreme Court and the Wage and Hour Law

*At the last two sessions before it adjourned for the Summer, the United States Supreme Court announced its long-awaited opinions on three important wage and hour questions. What are the crucial points of these decisions?*

THE most difficult case involved a contract between an employer and his employees which guaranteed the employees a stated weekly wage and established the "regular rate" per hour on the basis of which overtime was to be computed. The basic rate was above the minimum prescribed by the Fair Labor Standards Act. In most cases the specified hourly rate was fixed at 1/60th of the guaranteed weekly wage. The result was that during the first year under the act when the statutory maximum of regular hours was 44, the employee was required to work 54½ hours before he became entitled to any pay in addition to the weekly guaranty. When the employee worked enough hours at the contract rate to earn more than the guaranty, the surplus time was paid at the rate of 150 per cent of the hourly contract rate.

The Supreme Court upheld this so-called guaranty contract, declaring that it carried out the intention of Congress. It specified a basic hourly rate of pay and not less than time and a half that rate for every hour of overtime work beyond the maximum hours fixed by the act.

*Walling, Administrator v. Belo Corp., June 8, 1942.*

IN the second case, also not an easy one, the Court weighed the employer's contention that no additional compensation need be paid for overtime if the fixed weekly wage is higher than the compensation would be if computed at the statutory minimum rate for the regular hours, and time and a half the minimum for overtime.

The Court, however, concluded that the act was designed to require payment for overtime at time and a half the regular pay, even where pay is above the minimum. Thus, if an employee is paid at the regular rate of 60 cents an hour and he works overtime, his overtime pay is 90 cents an hour, or one and one-half times his regular pay, and not 45 cents per hour, or one and one-half times the wage-hour minimum. *Overnight Motor Transportation Company v. Missell*, June 8, 1942.

THE third significant wage-hour decision considered the proposition that the benefits of the act extend to building service employees of landlords leasing quarters to tenants who produce goods for interstate commerce.

The judgment of the Court was that the work of employees in such cases has such a close and immediate tie with the process of production for commerce, and is, therefore, so much an essential part of it that the em-

ployees are to be regarded as engaged in an occupation "necessary to the production of goods for commerce." *Kirschbaum v. Walling, Administrator, Arsenal Building Corporation v. Walling, Administrator*, June 1, 1942.

## Forged Endorsement — Payee Gets Proceeds

*If an unauthorized person endorses the payee's name on a check, but turns the proceeds over to the payee, is the drawee bank liable to its depositor for paying the check on a forged endorsement?*

THE question states the core of a case recently decided by the Appellate Division of the Supreme Court of New York. The factual situation was complicated and the reasons motivating this unusual action obscure. Briefly, the facts are that a real estate broker was authorized to sell certain property for \$10,000, \$6,000 to be in cash and \$4,000 on a first mortgage. He arranged to sell to a couple who did not have the cash required by the seller. The broker thereupon forged a deed to the property and negotiated a mortgage loan for the \$6,000. The mortgagors directed that the check for the proceeds of the mortgage be drawn to the order of the seller. For some unknown reason the broker forged the endorsement of the seller but distributed the proceeds properly.

Recovery was attempted on the check when the mortgagee of the \$6,000 mortgage discovered his mortgage to be of questionable validity and not a first lien.

The Appellate Division held that inasmuch as the proceeds of the check were paid to the person intended by the drawer to have them, and since the loss to the mortgagee was not due to the forged endorsement but to his failure to discover the forgery of the deed, no recovery could be had against the drawee bank. *Sweeney v. National City Bank*, App. Div., 3rd Dept., March 4, 1942.

## Employees in Military Service

Many employers whose employees are serving with the armed forces of the United States are paying them the whole or part of the difference between the pay they received as civilians and that which they receive while in the armed forces. Are such payments subject to the Federal Unemployment and Social Security taxes?

This question was put up to the Treasury Department's Internal Revenue Service for their ruling. Their advice was that payments made under such circumstances are not subject to the taxing provisions of the Federal Insurance Contributions and Federal Unemployment Tax Acts.

**"These days we  
appreciate Burroughs  
mechanical service  
more than ever"**



*"Our experience with Burroughs mechanical service has long since proved that it is without equal."*

### **Burroughs Provides These Advantages**

- 1 Burroughs mechanical service is rendered by factory-trained, factory-controlled, salaried representatives whose work is guaranteed by Burroughs.
- 2 Every Burroughs service point has genuine Burroughs parts to meet service needs.
- 3 Burroughs service is national, conveniently located to give prompt attention to every call.
- 4 All Burroughs service men are promptly and fully informed about every improvement in service, every new feature and every mechanical change.

Today, when wartime conditions make it essential that users take exceptionally good care of their figuring and accounting equipment, Burroughs mechanical service is even more deeply appreciated. For—as always—it is rendered by Burroughs' own salaried, factory-trained, factory-controlled men, whose sole interest is to help Burroughs owners get the maximum of continuous, profitable use out of their Burroughs machines.

Efficient Burroughs service is available to the user under either of two plans: (1) a Burroughs Service Agreement at a predetermined, moderate annual cost; or (2) service when requested, at a moderate charge for each service as rendered. Call your local Burroughs office, or write—

**BURROUGHS ADDING MACHINE CO., DETROIT, MICH.**



# **Burroughs**

# A Farm Credit Meeting at Wahoo

## *Food-for-Freedom in One Nebraska County*

*Since the beginning of the national Food-for-Freedom program, sponsored by the Department of Agriculture, there have been about 2,000 county meetings for the purpose of aiding cooperation between farmers and bankers, under the aegis of the Agricultural Credit Department of the American Bankers Association. The programs of all of these meetings have followed somewhat similar lines. Here we present a word picture, with a few supplementary camera views, of a county meeting in Nebraska, just as our local reporter described the occasion and the scene for the readers of BANKING.*

A JOINT meeting of the Saunders County Bankers Association, the County Conservation Committee, county agent and president of the Farmers' Union was held at Wahoo, Nebraska, on the evening of June 9.

The purpose of the gathering was to discuss the Food-for-Freedom program and to coordinate the activities of the farmers and bankers of the county.

Gus Houfek, president of the Saunders County Bankers Association, took charge of the meeting. He introduced E. E. Placek, president of the First National Bank, who outlined the objectives of the meeting, stressing the need for financing all farmers who might wish to expand their operations.

Mr. Placek dwelt strongly on the fact that no one knew just how long the war might last. He said it was America's problem to produce food, not only for our own people, but also for our allies. He looked ahead, too, to the possible conditions at the close of the war when it might even be necessary for us to help feed former enemy populations.

GEORGE R. NEWSHAM, chairman of the Saunders County Agricultural Committee, asked all precinct committeemen to make reports, outlining the needs of the various townships. When received, these reports will be condensed and sent to the bankers of the county so that they can make arrangements to finance farmers who need additional funds.

Replying to a question from the floor, Mr. Newsham said that the banks of Saunders County had done a wonderful job of cooperating with the Government's program. He emphasized that there was no need whatever for governmental agencies, such as production credit associations, and pledged that his committee would recommend to all farmers that they make their corn loans through local banks and make assignments of their conservation checks to local banks, rather than to the governmental agencies. The reason for this is that



E. E. Placek, president, First National Bank at Wahoo, standing, was the principal speaker

such an arrangement would be for the convenience of the farmer.

MR. NEWSHAM said further that agriculture was at a critical point in its development and he feared that any further growth of centralized power in Washington would bring about a condition of chain farming. This, he believed, would be deplorable for the same reason as he opposed chain banking.

He expressed some anxiety lest an extension of lending powers to the production credit associations compel hundreds of country banks to liquidate. He felt that loans from governmental agencies constituted unfair competition because capital is furnished to such agencies and they are not obliged to pay any taxes.

Finally, this speaker said that he would like to point with pride to the record of the banks in the county as having been ready to finance every farmer who needed accommodation, whereas the Production Credit Association had made only 11 loans in the county. He felt that this fact alone showed that there was no need for the agency in that community.

R. C. Russell, county agent, expressed a similar view and said that his policy was always to recommend to farmers that they do their financing through the local banks. He stated that the Nebraska Farm Bureau Federation held to the same policy.

MR. RUSSELL expressed gratitude to the banks of Saunders County for helping the 4-H Club boys and girls in various ways, particularly for their action in



Luncheon meeting, above, of the farmers and bankers attending the Wahoo conference

seeing that all 4-H Club members receive the Club News. He thanked the county bankers, also, for donating calves each year to 4-H Club members and said that this sort of thing was largely instrumental in encouraging boys and girls to stay on the farms rather than to migrate to the cities.

The president of the Farmers Union, John O. Schmidt, stated that it would be better for farmers to finance their needs through the local banks. He also expressed fear that if some corporate mortgagees should foreclose on a number of farms they might decide to engage in chain farming and a condition of employees and hired men instead of owners and tenants would result. He

expressed himself as being opposed to corporate ownership of farms.

Speakers called attention to the American Bankers Association's Food-for-Freedom program which is enlisting the assistance of the banks of the country in financing the nation's food producers. Farmers present at the meeting gave a vote of thanks to the Saunders County bankers for their cooperation in the program.

Everyone present expressed himself as well pleased with the meeting; and the suggestion that other meetings should be held in the future met with unanimous approval.

Speakers' table, left to right, R. C. Russell, county agent; C. G. Hohl, secretary, and Gus Housek, president, Saunders County Bankers Association; G. I. Newsham, Saunders County Agriculture Conservation Committee-man; and J. O. Schmidt, president, Saunders County Farmers Union



F. P. G. PHOTOS

## Methods

# The **ANTI-WASTERS** DEPARTMENT

## ... Ideas

This letter from W. S. WHITTLESEY of New York City, a certified public accountant, contains some suggestions that will be of interest to Anti-Wasters.

This department of BANKING is conducted by John J. McCann.

THE Anti-Wasters Department of BANKING'S May issue presents some pertinent suggestions for cutting check costs. During a recent audit I saw the following stamped on my client's monthly bank statement: "On behalf of the national defense program we ask that you conserve paper by drawing as few checks as possible."

This seems an appropriate time for banks to go a stride further and discontinue, so far as possible, the distribution of needless checkbooks. The books with three or five checks and stubs to the page, which have been standard and in general use since before the memory of this generation, are very often a memorandum record only. It is still the practice of many concerns to list receipts by deposits on checkbook stubs, stub all checks issued, and in the same day, certainly the same month, copy all data in a cash book, check register or both. The cash book is then considered the book of original entry for posting to ledgers. The checkbook has become a memorandum record and is no longer needed. In fact it was not needed at all. Commercial banks can judge how generally that practice continues from the number of blank and imprinted checkbooks of that type they give out.

DURING a public accounting experience of over 35 years, it has invariably been my procedure, and that of all staff members, to check canceled bank vouchers to, and reconcile bank statements with, cash books. Checkbook stubs are used as a record in audits only when there is no cash book. Such is, I believe, the practice of all auditors.

Corporations manufacturing book-keeping, adding, listing and tabulating machines, have already provided ways and means of machine writing and recording checks and listing deposits. The payroll record keeping now re-

quired of all business has forced many to work out direct methods when employees are paid by check.

When I have found a client doing double time in this way I have recommended the use of loose, padded or fan-fold numbered checks without stubs, each check to be recorded in numerical sequence in the cash book with whatever explanatory data are required.

If an engagement calls for revision of accounts and methods of the "installation of a new system" the unnecessary checkbook is the first discard demanded. No client so advised, who has once dropped the checkbook, has ever returned to its use. When bookkeepers are asked why they write both checkbooks and cash books, they usually reply, "we have always done it," or "no one has ever told us we could discontinue the checkbook." Naturally that is the general attitude, as the good bookkeeper alters customary procedure only on instruction or authorized advice.

THE Special Committee on Wartime Problems of the New York State Society of Certified Public Accountants in its Release No. 8 of May 13, 1942 submits among other suggestions:

"..... that accountants review the forms, books and procedures of their clients with a view toward eliminating ..... duplication of records, reducing the number of books in use ..... etc."

An auditor turns first to his client's bank account. It is a basis of proof for the correctness of all business transactions which banking service has helped his client complete. Banks are constantly asked by authorized auditors for direct confirmation of balances and other account data.

Now is the time and opportunity for public accountants to reciprocate to some extent by pointing out how ob-

solete the use of stubbed checkbooks may be.

WILLIS S. WHITTLESEY, C.P.A.  
New York City

### Supply Savers

"THE BANK MAN," friendly little houseorgan of the HARRIS TRUST AND SAVINGS BANK of Chicago, recently published a two-page list of conservation suggestions compiled by John W. Baker, assistant cashier, CONTINENTAL ILLINOIS BANK AND TRUST COMPANY, Chicago.

Here are more timely pointers not previously offered Anti-Wasters: Use and reuse folders, including the pasting of stickers over old names—don't be too fussy about torn corners and finger marks; study all requisitions to eliminate requests for supplies wherever possible; handle carbons carefully to obtain greatest possible usage; reuse one time carbon and cut partially spoiled carbon for small forms. Make no carbons of letters and memoranda unless necessary; use "inside" envelopes for confidential material only; answer office memoranda on bottom or back of original; return cardboard from all pads; use newspaper for wrapping where possible—save Kraft. Remove metal disc from round erasers; instruct packing and shipping departments to use all new materials sparingly; reuse board and backing salvage from receiving room; instruct receiving room to open boxes and cartons carefully with the above in mind; don't file routine correspondence —place it in dead storage for specified period, then bundle for waste; eliminate unnecessary credit analysis on non-borrowing accounts; deferred posting of P. M. checks is being done by some banks.

Study fluctuations in activity and consolidate work when volume permits; study the mailing of receipts and advices—are they necessary?

Also, yesterday's idea not adopted may be good today—have you checked the file?

(CONTINUED ON PAGE 34)

# There Are No Priorities on Service

- It is our job — and yours — to conserve and utilize to the fullest all goods and facilities which cannot be replaced without sacrificing essential war work.
- Every National Accounting-Bookkeeping Machine being used today was purchased because it would accomplish "more for less" in accuracy, speed, protection and flexibility . . . because it would lessen man-hours, expedite the preparation of reports, minimize waste and save money. Today there is a premium on their uninterrupted performance.
- We can help conserve your National equipment, mechanically, by periodic inspection by our factory-trained servicemen and through timely repairs with standard parts. Yes, we'll do our part to "keep 'em running."
- It is our job, too, to help you get the greatest possible value from your present National equipment . . . to suggest short-cuts, additional jobs which can be done in idle machine time, or to combine jobs to conserve man-power and supplies.
- There are no priorities on National service. . . . So, as always, we are at your service.



The National Cash Register Company  
DAYTON, OHIO

## ANTI-WASTERS—Continued

### Check List

SOMEONE ONCE OBSERVED that the biggest bottleneck in all America is this unbridled fetish for "reports." In the interest of conservation, it seems timely to report on "reports." Here are a few questions the report reviewer should keep in mind in behalf of those whose duty it is to prepare them:

- (1) Are the reports you make necessary for efficient operation or good customer service;

(2) is it necessary that the information be typed or recopied; (3) is all information in the report necessary; (4) are you using the most efficient methods for compiling the data and preparing the report; (5) are the reports prepared at too frequent intervals; (6) are all copies necessary; and (7) is the correct quantity and quality of paper used for the report—considering its purpose and time retained?

### Performance

TO KEEP EFFICIENCY toeing the mark, the CITY NATIONAL BANK & TRUST COMPANY, Kansas City, Missouri, makes

a continuous study of personnel and procedure. The method consists of a record of accuracy or volume, or both, for employees of the transit-clearing department, bookkeeping and tellers' department. The tellers' activity, for example, is broken down to show the daily average of checks cashed; average number of deposits taken in with cash, without cash, and the number of errors reported on this work by other departments for the calendar month. Ratings are given on performance in each classification.

Transit clearing clerks are rated principally on accuracy, the present standard being one error for every three thousand items listed. Machine bookkeepers are rated on customer-reported errors.

Under the rating system, the bank whenever practicable rewards accuracy with cash bonuses. Transit clerks, clearinghouse clerks, and machine bookkeepers all receive bonuses on either a weekly or monthly basis. Machine bookkeepers get a \$12 bonus for no customer-reported errors during the calendar month.

The departmental records for the total number of employees also provides a valuable check. The bank will, for example, divide the number of items handled by the transit clearing proof department during a calendar month by the number of employees, times the number of days worked, resulting in the average number of items handled per day per clerk. These data used to compare operating efficiency with past records and those of other banks.

If performance in any individual case is found unsatisfactory, time studies are made of the production of different persons doing the same work. When a reasonable production record is established, the slower employee is encouraged to model his procedure after the one proven most efficient. In the bank's experience, low production is usually due to lack of planning and coordination.

### Payroll Trouble

CASHING PAYROLL CHECKS for non-customers has always been something of a nut to crack. One bank offers a solution. When the local situation gets troublesome, an officer contacts the head of the firm whose employees insist upon check-cashing privileges. Briefly, the case presented revolves around the question whether the firm prefers to maintain a compensating balance, or whether it approves of an individual service charge levied against employees requesting the service. This contact has

## Be Calm Courteous Effective

Right now, when times are tense and everybody is under strain, "The Voice with a Smile" is more important than ever.

We've all got a big job to do and the friendly, effective use of the telephone helps every one do it faster and better.

The calm way is usually the competent way. Being courteous usually means saving time and tempers all along the line.

BELL TELEPHONE SYSTEM

"THE TELEPHONE HOUR"—presenting great artists every Monday evening—N. B. C. Red Network.



resulted in a number of sizable accounts and, in some cases of unusual circumstance, the firm has arranged to pay the service charge fee direct for all checks cashed. Other concerns stating their disinterest in the matter were, nevertheless, impressed by the opportunity of deciding this potential source of trouble in their own employee relations. At present, the bank's cashing fee for non-customer checks is one-tenth of 1 per cent, or 10 cent minimum.

#### Care Saves Wear

LIKE OTHER types of business machines, adding and calculating equipment is precision built to a high degree of timing, construction and performance. The machines that control the accurate production of facts and figures, and upon which important decisions rest, must be kept in a constant state of perfection. If properly operated and serviced, they will give you no trouble "for the duration." Here are a few tips from Remington Rand, Inc., well worth reprinting for employee distribution and study:

- (1) Keep adding machines and calculators covered when not in use—during the day as well as overnight. Dust is the great enemy of precision machines.
- (2) Dust the exterior finish every day and clean with a dry cloth before covering for the night.
- (3) Let no one but an expert service man lubricate the machines. Wrong type of oil, and even too much of the right kind, will affect performance and life-length. Machines should be oiled every three months.
- (4) Consult service expert on cleaning of platen. Preservation of platen, which is made of rubber, is vital at this time.
- (5) Watch for excessive lint when buying paper rolls—lint in mechanism will cause trouble.
- (6) Do not allow machine to print on platen —ink from ribbon will cause it to swell.
- (7) Do not use ribbons too heavily inked. The type rests against ribbon much of the time and can become gummed with ink, impairing efficiency.
- (8) Consult service expert on how, and how often, to clean type.
- (9) Should machine jam, do not pound keys or try to force release. Have it inspected and corrected.
- (10) Operators should bear in mind that a sharp staccato touch is essential to accurate register of figures on tape. A pushing or shoving stroke action will affect the stop section, may cause jamming. Price stroking will eliminate colliding and inter-timing difficulties.
- (11) Do not dust, or otherwise tamper with electric driven machines without disconnecting current. This will prevent shorting the motor.
- (12) Disconnect cord from floor plug when not in use during the day, and certainly at the end of every day. Wrap cord around machine and cover up to prevent

injury to plug, cord and motor during after-hour cleaning.

#### Register Substitute

LINCOLN BANK AND TRUST COMPANY, Louisville, has devised a system which eliminates the old-fashioned check or draft register for recording cashier's checks, correspondent drafts and certified checks. The new cashier's checks and drafts are interleaved with a white sulphite copy made with a carbon; the certified check debit memo is made the same way. As checks or drafts are drawn or certified, the carbon copies are collected and totaled at the end of the day to determine credit to the account.

The carbons then go to the auditing department, where they constitute an active file; the outstanding items represent the balance in the cashier's check account or certified check account, and represent the checks drawn against correspondent accounts between reconciliations. As these items are paid, carbons are removed and placed in the paid file.

### Methods and Ideas

#### Urgent Reminder

WAR COMPLACENCY is being prodded from every angle. One piece of literature



SINCE THE organization of this Bank in 1863, it has continuously carried United States Bonds as an investment. Experience gained in buying and selling Government issues makes the service of our Bond Department of special value in connection with the issues of

### UNITED STATES TREASURY BILLS AND CERTIFICATES OF INDEBTEDNESS

Inquiries by telephone, wire, or mail are invited, and quotation sheets will be mailed on request.

Telephone Franklin 6800 — LD 92-93-313  
Teletype CG 987

### The First National Bank of Chicago

that achieves its purpose without violating advertising convention is a safe deposit folder recently issued by the STATE-PLANTERS BANK & TRUST COMPANY of Richmond, Virginia. Cover page shows falling bombs, with a cloud burst of an ack-ack gun framing the title—"An ungentle reminder." Copy reminds the reader that the demand for safe deposit facilities in World War I created a shortage of safe deposit box facilities.

Today, with air raids an even greater possibility, it advises customers and other friends to take advantage of the service while safe-keeping boxes are still available.

### Reforestation

THE AMSLER FARM, owned by EARL D. AMSLER, president, the Citizens National Bank of Waukegan, has been a model "laboratory" for farmers of the area. To those who want to check up on management or crops, a standing invitation bids them come and discuss their problems with the farm supervisor. Now the farm makes news again with a reforestation project of 12,000 trees. More than 75 social science and biology students of the Zion-Benton high school will soon start setting out young evergreens, bald cypress, Norway (red) pine and other types of trees. The State De-

### Minute Man Seals

The Treasury Department's War Savings Bond Staff suggests that banks use a standardized Minute Man insignia, or one of the other available Treasury seals, on all checks.

The Staff feels that "there could be no more auspicious moment for bank customers to behold a War Bond reminder than that instant when they are about to write checks, perhaps originally intended to bid for some of the consumer goods which we must all deny ourselves for the duration."

President H. W. Koeneke in a letter to A.B.A. banks last January recommended that the practice of showing the Minute Man on checks, statements, stationery, etc., be adopted.

Many banks already are using the Minute Man insignia on practically all papers and documents issued to customers.

## "Food For Freedom" To Make America Strong!



★ The "Food For Freedom" program calls upon the farmers of America to produce the largest amount of food products in history. These food-stuffs are essential to a strong, healthy nation... they are urgently needed by all our Allies among the United Nations. And, as always, the American farmer will deliver the goods!

The harvesting of these vast food crops will require adequate financing by the banks of our country... it is their legitimate function in our present economy.

The cooperation of the Banks and Bankers Department of Mercantile-Commerce is always at the service of our correspondents. The entire personnel of this division has had wide experience in the field of agricultural credit.

**MERCANTILE-COMMERCE**  
**Bank and Trust Company**  
**SAINT LOUIS**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

partment of Conservation expressed much interest in this project because of the practical field experience it will give the students. The school will also be compensated by the Amsler farm, with special cash prizes as an incentive for the best planting.

### Q's and A's

AS WE STUDY the monthly crop of advertising literature, one item stands out—the service booklet. It may be that more services are being organized or reorganized, for wartime use; or maybe the emphasis on the service booklet should be attributed to the great influx of new business. Our conjecture, however, is that people are asking more and more questions about bank service. At least, that's the clue from the latest issue just published by the ONONDAGA COUNTY SAVINGS BANK of Syracuse, New York. Entitled "Answers to Your Questions," this pocket manual does a real job of anticipating and interpreting just what the new customer wants to know. The style of copy is friendly and informative.

It is relieved with smart illustrations and pictorial graphs which strikingly illustrate investments, size of bank, dividend record and the variety of useful services which the bank is offering to the public.

### Post War

MOST BANK people are thinking now

and then about post-war thrift and the potential opportunity which now lies in making the best of the Government's program of War Bond sales, the necessity of savings for taxes, the elimination of many of the luxuries and diversion for which folks once spent their incomes. As one banker puts it—now the time is ripe to launch a "Save to Spend" club—sort of an individual thrift pool from which the individual could draw registered checks for his bond program, his taxes, insurance, charitable gifts, etc. The funds accumulated in this special club would be earmarked for investment in government bonds. A service such as this, thinks this banker, would be well aimed at post-war thrift.

#### *'Phone Loans*

THE NEWEST innovation at the SECURITY-FIRST NATIONAL BANK of Los Angeles is keyed to the transportation shortage and the convenience of the war worker. It is a "personal loan by telephone" program now vigorously merchandised as a tire and time saver. After tests in several branches, the service has been adopted as a permanent feature. All the customer must do is phone the head office or nearest branch for an application, which is mailed immediately. Upon filling in the essential credit data, the application is returned by mail or in person and receives prompt disposition.

#### *Trust Name*

RECENT TRUST promotion sponsored by THE FIRST NATIONAL TRUST AND SAVINGS BANK, San Diego, California, stylized the service "Estate Architects." The name is catchy, gets attention: The analogy of building by plan, brick by brick, repeats in a somewhat different way the well established formula of trust service. The name may or may not be original, but it has struck a responsive chord around San Diego.

#### *History*

TWO INTERESTING pamphlets on Florida banking history have just been issued by G. E. Lewis, president of the LEWIS STATE BANK, Tallahassee. One gives the charter dates of every state bank, trust company and national bank in Florida from 1889 to 1942. The other is a chronicle of bank charter legislation preceding 1889. Both pamphlets, privately printed by the bank, are based on a research undertaken by Mr. Lewis as president of the state association last year. They are useful in tracing the history of discontinued institutions as well as those presently serving the state.

#### *Technique*

CURRENT NEWSPAPER advertising of the FIRST NATIONAL BANK, St. Paul, breaks away from traditional format to do a most effective selling job on "budget" loans. The series is patterned on brevity and informality. Each ad carries a small silhouette half-tone portrait of a typical budgeteer, with some catchy quoted comment serving as a heading. The block of copy tells a sincere story of actual service application, mentions pertinent service features and the bank name. There are no signature slug, borders, embellishments. The reader finds the

sponsor when he scans the text. On an overloaded newspaper page, this type of presentation stops the eye.

#### *Checkway*

IRVING TRUST COMPANY of New York conducts a spirited employee drive for Checkway, a no-minimum balance service. Sales booster number one is the weekly newsheet, *The Checkway Parade*, a mimeographed bulletin with a colorful masthead. The bulletin keeps score for the contesting branches and individuals, gives highlight summaries of selling experiences, mentions commissions and bonuses, and in general enlivens the contest with cartoons

## *A Table to Use When Buying or Selling Treasury Bills*

THIS Bank has prepared a quick reference table showing the cost of, or proceeds from, United States Treasury Bills, at discount rates ranging from .05% to .50%, with maturity dates from 1 to 93 days. The rates from .20% to .40% are given with .01% intervals, including .375%. Otherwise the rates are at .05% intervals.

We'll be glad to send you copies of the table. Also, we're ready to make bids and offerings in Treasury Bills and other Government securities.

GOVERNMENT SECURITIES  
DIVISION

CONTINENTAL ILLINOIS  
NATIONAL BANK  
AND TRUST COMPANY  
OF CHICAGO

Member Federal Deposit Insurance Corporation

and good fun. Among the many novel attention-getters employed by the editors is a limerick contest based on Checkway. The new account score just serves to prove again that contests run like a game really get serious business done; the reverse is not always dependable.

#### Celebration

LIKE HOME-TOWN folk anywhere, New Yorkers love their city. Nothing makes this fact quite so apparent as commemorative events like the one recently observed by the NEW YORK SAVINGS BANK. Upon completion of its new quarters, the bank declared a

two-day "open house" for friends and customers, and put on a show. Two winsome young ladies in the costume of 1854, the year of the bank's charter, greeted guests, escorted them through the new quarters, toured them through an exhibit of "old New York," and, as a parting gesture, passed out Declaration of Independence scrolls as a memento. Did New Yorkers respond? Indeed, they did. Some 10,000 well-wishers dropped by.

#### Coal Storage

MADISON-CRAWFORD NATIONAL BANK of Chicago opened its "Buy Coal Early" campaign long before Wash-

ington urged a national drive. This bank's highly successful experience shows what can be done for the mutual benefit of the dealer, the buyer and the institution, when personal contact and well-planned cooperation is brought into play. First, the bank offered a group of retail dealers a trick "peel-off" blotter for third-class mailing to their own accounts. The imprinted blotters were supplied in any requested quantity without charge; the retailer assumed the addressing and postage costs.

The mailing piece carried a coal-loan message over the bank's imprinted signature.

On the reverse side, the enamel backing carried an application form and space for remailing, when peeled off, back to the bank. When upwards of 60,000 were delivered through the mails, the group of dealers sponsored a cooperative newspaper advertisement positioned alongside of a bank-sponsored coal-loan appeal. Reaction was immediate and satisfying. It proves that a bit of leg work is essential to the success of merchandising campaigns aimed at benefiting merchant groups. So often well-meaning promotions are launched without so much as a word of advance notice to the people or firms which are affected.

## Banks Fight, Too

American business builds airplanes, tanks, ships, guns—all the types of material so essential in this mechanized war.

Central Hanover is cooperating daily with business and with correspondent banks in financing the production of equipment our armed forces need, and must have.

CENTRAL  
HANOVER BANK  
AND TRUST COMPANY  
NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Banking by Mail Comes Back

BANKING BY MAIL is coming back into popularity. Today's conditions make the service again marketable to an unusual extent. War workers have become too busy to be able to do their banking in person. Congestion in bank lobbies on paydays is terrific, even in banks with many branches. Consequently, these two conditions make banking-by-mail service very timely.

Among its earliest adaptations by a middle western bank that pioneered in the service was the establishment of a lake marine savings plan for sailors on the Great Lakes in 1911. The sailors were enabled to make deposits in savings or checking accounts by mail when they were far from shore, and at the end of their season they had a nest egg for the layoff period. Subsequently the service was offered by West and East Coast banks to the personnel of the United States Navy.

# Protection of Records

A THREE-POINT plan for the protection of records against incendiary bombs was presented to the National Fire Protection Association by its Committee on Protection of Records, of which A. J. Steiner, of the Underwriters' Laboratories, is chairman.

"House your vital records in containers having approved fire ratings that will assure adequate protection; have proper fire-protection equipment in the record room; and eliminate all possible fire hazards from the room by prohibiting smoking and removing all needless combustibles," the committee advised.

In clearing out combustibles, send all obsolete records to the waste-paper dealer, the committee urged, pointing out that tons of badly-needed paper were being uselessly hoarded in company files all over the country.

STANDARDS that adequately safeguard business records from fire in peace will also protect them in war, said the committee. The important thing is to adopt these safeguards now.

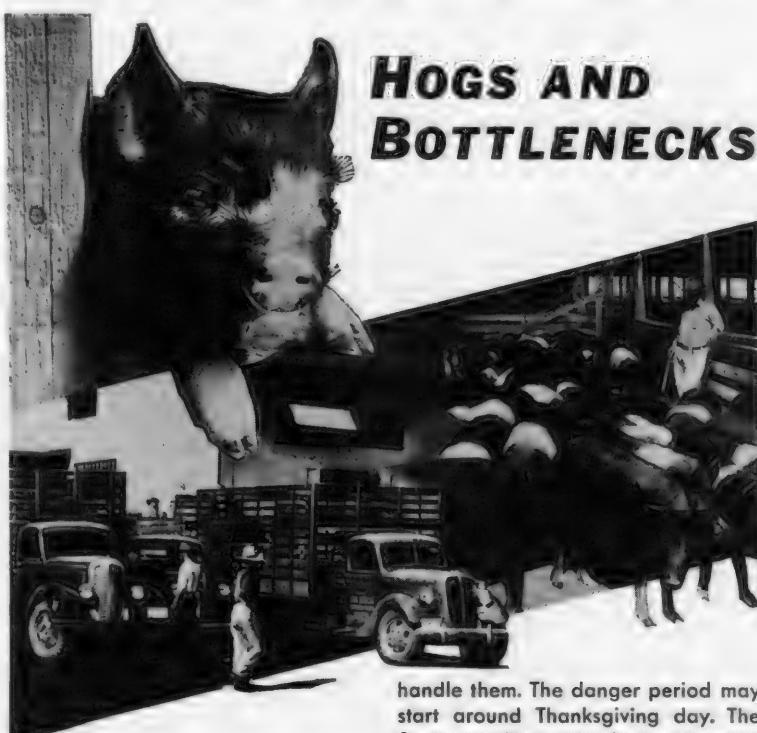
"Our files are the Achillean heel of our humming war machine. Today our war effort depends on vital blueprints, valuable specifications, contracts, irreplaceable designs and many other kinds of records. It is not enough to produce these things; we must protect what we produce.

"Survey your records, determine their relative importance and protect

them accordingly. Segregate vital records and house them in containers bearing approved fire ratings that will assure adequate protection for the particular fire hazard to which your safe or vault is exposed. Protect your record room by reducing all combustibles to a minimum; prohibit smoking and maintain good housekeeping practices in filing areas. Have proper fire protection equipment in your record room. Eliminate obsolete records—they are taking up valuable file space, require additional

labor to maintain and present so much extra fuel in case of fire.

THE protection of records is not much different in war than in peace. While there is not much you can do about a direct hit from a high explosive bomb, protection against incendiary bombs is no different from precautions against peacetime fire carelessness, and many authorities feel that it is the incendiary bomb that presents the greatest menace to American cities."



Nelson Dunham, president of the New Brunswick Savings Institution, is the new president of the New Jersey Savings Banks Association



TRANSPORTATION problems are multiplying. So are hogs—62 million pigs this spring against 50 million last year! Secretary of Agriculture Wickard urges farmers not to market too many hogs between Thanksgiving day and Washington's Birthday, this winter. Railroads and trucks and packing houses may not be able to take all the hogs offered during that time, if too many farmers wait until then to sell. Facilities can't be increased to

handle them. The danger period may start around Thanksgiving day. The Secretary does not advocate marketing light weight hogs—in fact they should be well fed to about 250 pounds in weight—but he urges that hogs be marketed as soon as possible to avoid the bottleneck.

Local lending institutions discounting agricultural paper with the Federal Intermediate Credit Banks are being urged to ask their farmer hog-raising patrons to cooperate to avoid placing a strain upon facilities.



## THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.

BALTIMORE, MD.

COLUMBIA, S. C.

LOUISVILLE, KY.

NEW ORLEANS, LA.

ST. LOUIS, MO.

ST. PAUL, MINN.

OMAHA, NEB.

WICHITA, KAN.

HOUSTON, TEX.

BERKELEY, CAL.

SPOKANE, WASH.

Information regarding the Consolidated Debentures, issued by these banks,  
may be obtained from

CHARLES R. DUNN, Fiscal Agent

31 Nassau Street, New York, N. Y.

# Let Your Directors Direct

R. H. COLLIER

Mr. COLLIER is former chief national bank examiner of the Eleventh Federal Reserve District. Now retired, he lives in Dallas, Texas.

THAT banks are not reaping the full measure of benefits to be had in these difficult times from the cooperative endeavors of an attentive board of directors is real neglect of a very fertile field, for which the management is partly responsible.

Officers generally have followed the old customs of doing the work, assuming full responsibility therefor and monthly reporting results to the directors, and annually to the stockholders. Directors have contributed to the usage, mainly because of lack of understanding of the assumed obligations of directorship that they will, so far as the duty devolves upon them, diligently and honestly administer the affairs of their banks, and will not knowingly violate, or willingly permit to be violated, any of the provisions of the laws.

It is appreciated that mere ownership of the required amount of stock is not of itself sufficient to qualify one for proper discharge of a duty that is

necessarily predicated on a reasonable understanding of basic banking practices that are not inherently abstruse, complicated or difficult to comprehend, if simply explained, and to that end and to stimulate an interested activity, the managing officers can be very helpful, theirs being the duty to illuminate, make clear and understandable the nature of the duties devolving upon a director. One may have a very fair knowledge of credits and investments but due to diffidence, be hesitant in voicing his views, reluctant to "speak out," but restraints of the kind can be overcome by cordially inviting expressions of opinion, with the assurance that they are welcomed and appreciated. In that way an aggressive body can be knit together that when had, will give a bank and its officers an asset of inestimable value. How comforting it is to the management, if a loan or investment sours, it carried at its inception the approval of the directors, no particular one being solely responsible.

Even a routine examination by the examining committee of a bank can be made interesting to the committee and enlightening to the board, if set about in the right way. The informative benefits had, the knowledge attained, the

feeling that comes of a realization by the directors that they are an integral part of the business and serving constructively, are achievements to be desired and worth striving for. Inside examinations are urged by the supervisory authorities, not for their use or information, but that directors may keep better acquainted with loans and investments by periodically reviewing them in their own way. No bank with a board of directors that can knowingly discuss its affairs, assets and operations, will likely encounter serious difficulties. This statement is made advisedly and is based on long experience.

THERE is nothing basically wrong with present day banking practices, the principle of which remains fixed, unchanged and unchangeable, although the technique has undergone and will undergo many changes, most of which have been and will be for the better, but no one can dependably forecast the future of the business, it being within the realm of the possibilities that private banking as we have known it may be in jeopardy, there being a school of thought banking should be a governmental activity. The average director is willing, anxious to be useful, wants to contribute to the growth and prosperity of his bank.

If in union there is strength, why not go in for a bit of schooling for the officers, directors and even employees, some of whom will be running the bank some day? Anyway, enough is at stake to warrant consideration of possible eventualities, as well as means of meeting them should they arise. Let us "analyze the past, consider the present and visualize the future."

## GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK · BRANCHES IN PRINCIPAL CITIES

### Trust Meet Canceled

Richard G. Stockton, president, Trust Division of the American Bankers Association, has announced the cancellation of the annual Pacific Coast and Rocky Mountain States Trust Conference because of travel restrictions.

This action carries out the wishes of a majority of trustmen in that area.

# North of the Border

## Notes on Canada's Wartime Economy

FOREIGN exchange control in Canada was defended by Graham F. Towers, Governor of the Bank of Canada, during the course of an address last month. Mr. Towers was speaking at the annual meeting of the Bankers' Association for Foreign Trade held at Lucerne-in-Quebec. He pointed out that with the outbreak of war in September 1939 the first objective was to prevent the export of capital. Exchange control has enabled Canada to meet all foreign commitments since then and no fresh external debts have been accumulated.

In 1941, before the Hyde Park Agreement was operative to any extent, the U. S. dollar resources of Canada declined by \$142 million as a result of heavy purchases of war materials and equipment. Mr. Towers expressed the opinion that this year the value of war supplies exported to the United States would come closer to the cost of war materials imported from the United States and for which American dollars would have had to be provided.

It was revealed also that from September 1939 until the end of last February Canada's trade with Great Britain had resulted in the accumulation of a sterling deficit of \$1,770 million. This was financed in three ways: (1) by gold shipments of \$250 million; (2) by repatriation of Canadian securities totaling approximately \$820 million; (3) by the extension of a loan of \$700 million to the British Government—non-interest bearing for the duration of the war. In March, Parliament authorized an outright gift of \$1,000 million to the United Kingdom in the form of foodstuffs, munitions, war weapons and equipment, etc., which will be shipped abroad as rapidly as possible. Canada must purchase some of these supplies in the United States, however.

A RECENT Government order reduced the individual sugar ration from  $\frac{3}{4}$  lb. to  $\frac{1}{2}$  lb. per week and books of coupons will likely be ready for distribution in July. The present voluntary system, which is difficult to enforce, will thus be superseded. Gasoline is the only commodity now rationed by means of coupons. All consumers were warned last month that their purchases of tea and coffee must be cut in half and that coupon rationing might become necessary.

Ceilings on prices, wages, rents and

services have now been in effect for more than six months. There is significance in the fact that at the end of May the official cost of living index stood at 115.2 compared with 114.9 on December 1, 1941 and 100 on September 1, 1939. The rise of 15 per cent since war began compares with an increase of approximately 30 per cent in the first 33

months of World War I. Food and clothing are chiefly responsible.

Retail buying is still running well ahead of 1941 figures but the rate of increase is now showing signs of falling off. Despite heavy taxes and Victory Loan subscriptions the Canadian Red Cross was able to reach its objective.

A CANADIAN CORRESPONDENT

**FRIENDLY**

**FULTON CORRESPONDENT SERVICE**

**FULTON NATIONAL**  
ATLANTA *Bank* GEORGIA

ATLANTA DAILY INDEPENDENT  
ATLANTA DAILY HERALD  
ATLANTA DAILY NEWS  
ATLANTA DAILY CALL  
ATLANTA DAILY JOURNAL

## WARTIME CHANGES

In New England, as elsewhere, wartime changes have affected practically every type of business. This bank's accurate and up-to-the-minute knowledge of business and credit conditions is now of particular value to correspondent banks throughout the nation. We cordially invite your inquiry.

*The National*  
**Shawmut Bank**  
40 Water Street, Boston  
Member Federal Deposit Insurance Corporation

KING

# Diagram of Regulation W

*As revised May 6, 1942. All loans over \$1,500 are no longer subject to Regulation W, whether or not they are secured by a listed article*

PURPOSE	Consumer Instalment Loan NOT for the Purchase of Any Listed Article (personal or cash loan)	Automobiles and Motorcycles	Furniture and Pianos	Home Improvements (materials and services only)	All Other Listed Articles (See Group A)	Single-Payment Loans (not for business or agriculture)
1. Down- Payment	none	33½% trade-in permitted as part of down- payment	20% trade-in, if any, must be subtracted from cash price	none	33½% trade-in must be subtracted from cash price	none
2. Time Limit	12 months	15 months	12 months	12 months	12 months	90 days maximum
3. Loaning Limit	Borrower should fill out F.R. form 564-a (statement of purpose)	NEW CARS 1. cash price less 2. trade-in value less 3. cash (if any to make up ½ for down-pay- ment) plus 4. insurance 5. finance charges USED CARS 1. cash price or guide value, whichever is lower less 2. trade-in value less 3. cash (if any to make up ½ for down-pay- ment) plus 4. insurance 5. finance charges	1. cash price less 2. trade-in (if any, to get net price) less 3. 20% in cash (of net price) down- payment plus 4. insurance (if any) plus 5. finance charges	cost of materials and services. Bor- rower should fill out F.R. form 564-a (statement of purpose)	1. cash price less 2. trade-in (if any, to get net price) less 3. 33½% in cash (of net price) down- payment plus 4. insurance (if any) plus 5. finance charges	Borrower should fill out F.R. form 564-a (statement of purpose)
4. Payments	At least one pay- ment per month (except seasonal loans) NOT less than \$5 per month or \$1.25 per week	At least one pay- ment per month (except seasonal loans) NOT less than \$5 per month or \$1.25 per week	At least one pay- ment per month (except seasonal loans) NOT less than \$5 per month or \$1.25 per week	At least one pay- ment per month (except seasonal loans) NOT less than \$5 per month or \$1.25 per week	At least one pay- ment per month (except seasonal loans) NOT less than \$5 per month or \$1.25 per week	In full at matu- rity
5. Renewals	Not more than 12 months including renewal. (If original note for 10 months, you can renew for 2 months more.)	Not more than 15 months including renewal. (If original note was for 12 months, you have right to renew for 3 months more.) If original note was for 15 months, you cannot renew.	Not more than 12 months including renewal. (If original note was for 12 months, you can renew for 6 months more.)	Not more than 12 months including renewal. (If original note was for 8 months, you can renew for 4 months more.)	Not more than 12 months including renewal. (If original note was for 8 months, you can renew for 4 months more.)	Not more than 90 days each— 25% of original amount paid off at each maturity of 90 days OR not more than 9 months from orig- inal 90 days if placed on monthly instalment basis.
6. Additions	Payments not less than borrower had been paying on old debt— time not more than 12 months. You can handle as separate loans.	Payments not less than borrower had been paying on old debt—time not more than 15 months. You can handle as separate loans.	Payments not less than borrower had been paying on old debt—time not more than 12 months. You can handle as separate loans.	Payments not less than borrower had been paying on old debt—time not more than 12 months. You can handle as separate loans.	Payments not less than borrower had been paying on old debt—time not more than 12 months. You can handle as separate loans.	Handle as sepa- rate loans.
7. Certificate of Necessity	12 months addi- tional from date of request	12 months addi- tional from date of request	12 months addi- tional from date of request	12 months addi- tional from date of request	12 months addi- tional from date of request	12 months addi- tional from date of request (charge accounts 6 months)
8. Loans in Default	If bona fide collec- tion effort is being made, make best arrangement pos- sible.	If bona fide collec- tion effort is being made, make best arrangement pos- sible.	If bona fide collec- tion effort is being made, make best arrangement pos- sible.	If bona fide collec- tion effort is being made, make best arrangement pos- sible.	If bona fide collec- tion effort is being made, make best arrangement pos- sible.	If bona fide collec- tion effort is being made, make best arrangement pos- sible.

# Serving Savers

(CONTINUED FROM PAGE 26)

clause and with better earnings made possible the repayment of preferred stock and the elimination of a governmental agency in banking would sooner become an accomplished fact. The Reconstruction Finance Corporation has done and is doing a splendid job, but it is admitted that private capital should be substituted as soon as is reasonably possible. Better earnings will increase the possibility of such a substitution of private capital.

This protective clause and the form of investment program it would allow would be of value to many banks, and to some more than others. On the other hand, it is not advanced as a panacea for all banking ills. I do believe that its adoption would aid greatly in solving the present more or less untenable position of commercial banking, i.e. long-term, or at least medium long-term, assets vs. short-term and what are practically time liabilities, payable, in effect, on demand.

Its adoption by a single bank could be effected, but certainly the more effective course would be to adopt it by clearing-house or county group action. Yes, it will require education, plenty of it! But so did service charges and many other banking changes.

It is understandable that bankers, as custodians of the funds of others, are ordinarily averse to constant change of methods and policies. But we are now faced with determined, active and, to some extent, unfair competition which, according to an American Bankers Association's Savings Division report, is in the ascendency insofar as percentage of new thrift funds is concerned. So we're no longer considering what might be advantageous to us, but what is absolutely necessary if we are to again achieve leadership as agencies of thrift.

Many bankers now responsible for carrying out the policies of the institutions they serve, will not have forgotten that in the early 20's we turned installment automobile and other accessory paper, as well as personal loans, away from our doors and that for the past several years we have been spending much time, effort and money to woo this business back into banking channels.

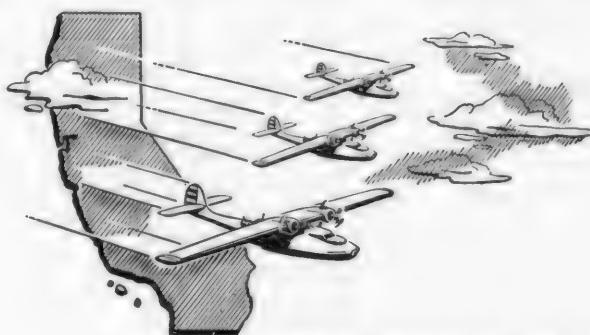
If we thus remember, then let us not neglect to take every step necessary soundly to protect our position in the field of thrift agencies lest we finally awaken to the fact that in spite of the years of effort we have thus far ex-

pended in teaching habits of thrift, we may be providing a harvest for other thrift agencies to reap. If we now lose our leadership in this field because we won't recognize the need for aggressive and protective action, we may well find ourselves in the position of having to start all over again and against well entrenched competition.

Thrift money will always need to be served and if we in banking do not provide that service, other agencies or the Government will do so.

## Pan-American Conference

By the time this is published there will have opened in Washington a conference of central banks of the American republics. The conference evolved from a resolution adopted at the meeting of foreign ministers at Rio de Janeiro in January. The purpose is to draft standards for the uniform handling of bank credits, collections, contracts of lease and consignments of merchandise involving nationals of a state which has committed an act of aggression against the Americas.



## TO SERVE YOU IN ONE OF THE GREATEST "ARSENALS OF DEMOCRACY"

To its correspondents, Bank of America has long afforded a statewide service for the efficient handling of all California transactions.

But today as California takes its place as one of the greatest "Arsenals of Democracy," Bank of America service offers even more to you and your customers:

The 495 branches of this bank have intimate customer relationships with the men who direct the vast defense efforts of California business, industry and agriculture.

Bank of America serves *all* of California, and it can serve you and your customers *anywhere* in California.

## Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM — FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities in Each of 495 Branches in 307 California Communities

Commercial - Savings - Trust - Safe Deposit

Main offices in two reserve cities of California . . . San Francisco - Los Angeles

"Serves you best in the West"



Blue and gold BANK OF AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

# Heard Along MAIN STREET

THE NAMES of 16 bank officers were placed on the rolls of the 50 Year Club of the Pennsylvania Bankers Association at the 1942 convention.

This club was organized at the 1940 meeting in the administration of President Claude E. Bennett, reports CHARLES F. ZIMMERMAN, association secretary.

"Many of our bank officers in Pennsylvania," says Mr. ZIMMERMAN, "who had regularly attended our conventions were beginning to think of themselves as 'old timers' more or less, and were inclined to step aside to give place to the younger men."

"These senior friends of ours were too valuable to lose in our deliberations and the 50 Year Club was designed not only to keep them in touch with association affairs, but also to pay a tribute of honor where honor is due. Membership in the club is awarded to any bank officer, either active or retired in Pennsylvania, who has had continuous employment in the business of banking for 50 years or more."

When plans for the club were first discussed it was thought that perhaps 20 Pennsylvania bankers would qualify.

"To the delight of all," reports Secretary ZIMMERMAN, "the enrolment the first year numbered 50 bankers. Oddly enough, the names of 50 persons were added to the list in 1941. The names of 16 bank officers were placed on the roll in 1942. This is a most gratifying record.

"At our convention banquet a special table in the form of a large horseshoe is placed just in front of the speakers' table, with place cards for all present who are club members and for those about to become members. The

name and record of service of each new member is read by the president and the club's emblem awarded. A large birthday cake also features the observance. Each year all members of the club and their wives are invited to attend the annual dinner as guests of the association."



BRIG. GENERAL LEONARD P. AYRES on July 6 returns to his duties as a vice-president of The Cleveland Trust Company after nearly two years' service with the War Department in Washington as chief of the Service of Statistics. General Ayres was retired for age by the War Department on June 30.

As a result of a law passed in 1940, effective in 1942, all colonels reaching the age of 60 and all brigadier generals reaching the age of 62 by June 30, 1942 were retired for age.

General AYRES served as chief statistical officer of the American Expeditionary Forces in the last war and later was a member of the American commission to negotiate peace. He holds the Verdun, Victory and Distinguished Service medals and in the last war served as director of Statistics of Council of National Defense, War Industries Board, Priorities Board, Allied Purchasing Committee; was the American member, Bureau de Statistique Interallie, and Economic Advisor to the Dawes Plan Committee.

He became an officer of The Cleveland Trust Company in 1920.



WILLIAM C. CONNETT, vice-president of the First National Bank in Saint Louis, and newly elected president of

that city's United Charities, was called "one of the best known athletes in the country" by a St. Louis newspaper 35 years ago. Sports in which "BILLY" CONNETT excelled were listed as "football, golf, boxing, baseball, shooting, track, and tennis." He is an alumnus of the University of Virginia, where he won his "V" as an all-around athlete, and also was graduated from Saint Louis Law School. He has retained a keen interest in athletic events, and manages to attend many of them throughout the year.



In addition to heading United Charities, Mr. CONNETT is chairman of the St. Louis Housing Authority, head of the Bryan Mullanphy Emigrant and Travellers' Relief Fund Board, treasurer of the United Service Organizations, and a director of the Provident Association. He has long been active in civic affairs, and at one time was Democratic nominee for Mayor of St. Louis.



IN REVIEWING the life of HENRY W.

A view of the convention banquet of the Pennsylvania Bankers Association at the Traymore Hotel, Atlantic City. Members of the 50 Year Club are seated directly in front of the speakers' table.



AUSTIN, chairman of the board, Oak Park (Illinois) Trust and Savings Bank,



we are again reminded that men make institutions. Fifty years ago Mr. AUSTIN founded this institution; he was its first president, serving in that capacity for three decades; and still remains at the helm as chairman of the board. When the bank was founded he was its youngest director, today at 78 he is its oldest.

Mr. AUSTIN who continues to live in the family homestead in which he was born in 1864, has played a vital part not only in the bank's progress but in that of his city and state. He was Oak Park's first treasurer.

From 1900 to 1906 he served in the Illinois legislature. In 1912 he won a seat in the state senate which he held until 1920. Through the years he has been active in civic affairs.

Despite his advanced years he is at his desk in the bank regularly each morning.

★

The picture of C. D. KNIGHT, cashier of The First National Bank of Coatesville, Indiana, dates back to 1908 when



he left a position in the telegraph department of the Pennsylvania Railroad to accept the bank's cashiership.

July 1942

"Our bank," he writes, "is a little \$25,000 institution located in a cross-roads country town with a population of 428. Through the years it has grown from a total assets figure of \$83,000 to more than \$650,000."

★

PRESIDENTS of the principal Cleveland banks are listed as incorporators of the new Greater Cleveland Civilian Defense Foundation, which will solicit and apportion private contributions required for civilian defense needs overlooked by present legal appropriation. The Foundation will invite 100 repre-

sentative Clevelanders to membership for a drive to raise \$100,000, mostly as gifts from business and manufacturing concerns. Incorporators are: LEWIS B. WILLIAMS, chairman, The National City Bank; OSCAR L. COX, president, The Union Bank of Commerce; HENRY S. SHERMAN, president, Society for Savings; J. C. McHANNAN, chairman, Central National Bank; GEORGE GUND, president, The Cleveland Trust Company.

★

NINETY-NINE years old on June 15, J. P. FAIR, chairman of the board of the First National Bank, Mankato, Kansas,



HIGHLIGHT OF CHICAGO'S HISTORY  
—Evacuation of Old Fort Dearborn, August 15, 1812. In the field of finance, too, Chicago has her historical highlights. Prominent among them is the founding of The Northern Trust Company in 1889.

## HELPING OUT-OF-TOWN BANKS

## DEVELOP CUSTOMER SERVICE

The remoteness of a correspondent bank is no limitation on the completeness of service rendered to it by The Northern Trust Company. A connection here can prove as close and as beneficial as the correspondent wishes. For, in addition to the normal, routine service involving day-to-day transactions, this bank also makes available

to its associates highly developed facilities for special fact-finding. Such essential information, together with the opportunity to consult with a friendly, competent personnel, enables correspondents to broaden their usefulness to their own customers and communities. Inquiries concerning a connection here are invited.

# THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO  
Member Federal Deposit Insurance Corporation

★

still puts in six days a week at the bank.

He was recently made state commander of the G.A.R. and at the annual convention of the Kansas Bankers Association received honors as the oldest banker in the state.

Mr. FAIR was a member of the 67th Infantry, Illinois, in the Civil War. He came to Mankato in 1886, entered banking then and has been active in the profession ever since.

Mr. FAIR, hailed by a local newspaper as the town's "oldest and one of its most distinguished citizens," is looking forward with keen anticipation to June 15, 1943, and Birthday No. 100.

A HALF CENTURY of service with the Rochester (New York) Trust and Safe Deposit Company brought recognition to CHARLES ALLEN HYLAND, 73-year-old vault attendant. On his 50th anniversary ROBERT C. WATSON, chairman of the board, gave Mr. HYLAND an illuminated, bound copy of a congratulatory resolution adopted by the directors, and a purse.

"For 31 of his 50 years of service," said the Rochester *Daily Record*, "Mr. Hyland has stood at the massive sliding gate at the entrance of the safe deposit department. He has opened and closed the gate over a million and a quarter

times in admitting thousands of the city's citizens who maintained private safe deposit boxes in the bank's vaults. . . . He can recall by name and identity



President George H. Hawks, left, Mr. Hyland, center, and Board Chairman Watson

nearly all who are customers of long standing. To them he is known as the genial attendant, quiet, efficient and always at hand when needed."



HOWARD E. ROBERTSON, vice-president, Central National Bank, Chicago, has been given a leave of absence to re-enter the Army. He is now Captain Robertson of the Army Air Corps.

In the last war Captain ROBERTSON was a signal sergeant in the battalion with Sergeant York and was one of the three men who received the prisoners brought in by the famous Tennessean.



W. R. WAYLAND, vice-president of the Valley National Bank, Phoenix, Arizona, is the owner of "Cream of Wheat," one of the (if not "the") outstanding Palomino stallions of American saddle breeding. With his stable



full of Palomino colts, as well as a number of excellent Belgian draft mares, Mr. WAYLAND is almost as well known a horseman as a banker. He is president of the Maricopa County Sheriff's Posse, a group of 50 Phoenix horsemen whose beautiful parade uni-

THE RIGHT TO FEEL SECURE

Everywhere in America today there is one purpose—one job—converting the resources and energy of the Nation into ACTION. This growing realization that "it's everybody's job," reflects a common determination to preserve our right to feel secure. A heritage—not a birthright—this right to feel secure can only be maintained through constant vigilance. ★ Constant vigilance, too, is necessary for the preservation of property values against the contingencies that always threaten. See your Broker or Home-Town Agent for your right to feel secure.

STRENGTH  
PERMANENCE  
STABILITY

Fire • Automobile • Marine • Casualty • Fidelity • Surety

**FIREMAN'S FUND GROUP**

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE  
Insurance Company

Occidental  
Insurance Company

SAN FRANCISCO

New York • Chicago • Los Angeles • Boston • Atlanta

DEPENDABLE INSURANCE SINCE 1863

J. J. Smith, president, Farmers State Bank, Marion, South Dakota, has the unusual hobby of collecting salt and pepper shakers, having collected 226 sets at home and from abroad. One shaker, in the form of a glass hat, discharges either salt or pepper. He has shakers of about every conceivable type and material



forms, saddles and trappings belie their hard-riding cross-country abilities.

★

IN SEPTEMBER of this year the Association of Bank Women will again give the Jean Arnot Reid Award of \$100 to a young woman graduate of the standard course of the American Institute of Banking.

The candidates are: MARY C. GAGER, Nassau County National Bank, Rockville Center, New York; MYRTLE COCHUE, Peoples National Bank, Yonkers, New York; VIRGINIA L. FLEWWELLIN, Washington Irving Trust Company, Tarrytown, New York; MILDRED E. FAIRWEATHER, Rhode Island Hospital National Bank, Pawtucket, Rhode Island; HELEN K. COLLINS, The State Bank, Fort Dodge, Iowa; E. RUTH SIMONS, The Detroit Bank, Detroit; GWENDOLYN McDANIEL, Federal Reserve Bank, Kansas City, Missouri; ANNIE ZABIRNIAK, First National Bank, Waco, Texas; ALICE E. MORGAN, National Bank of Washington, Tacoma, Washington; and ALICE E. HARDER, The San Francisco Bank, San Francisco.

The Association of Bank Women established this award in 1936 in honor of Miss Jean Arnot Reid, one of the five women who founded the association.

★

LOUIS EAST of B. W. WORTHEN COMPANY, Bankers, Little Rock, Arkansas, is an enthusiastic photographer, as



readers of BANKING know. He recently sent us several photographs of places

associated with General Douglas MacArthur, a native son of Little Rock. Below is one of Mr. East's pictures — General MacArthur's birthplace.

★

MISS ELLA I. CHALFANT, Librarian, Peoples-Pittsburgh Trust Company, received her Master of Arts degree at the 1942 graduating exercises of the University of Pittsburgh.

Miss CHALFANT accomplished the work leading to her M.A. by attending night school. She specialized in English.

## Have You Heard?

WILLIAM G. F. PRICE, for many years assistant vice-president of The National City Bank of New York, is now a vice-president of the American National Bank & Trust Company, Chicago. Mr. PRICE, a faculty member of The Graduate School of Banking, recently was called to Washington to help organize the financial department of the Office of Procurement and Materiel, U. S. Navy.

★

THOMAS C. BOUSHALL, president of the Morris Plan Bank of Virginia, was re-elected to the board of directors, Chamber of Commerce of the United States.

★

EDWIN N. VANHORNE, formerly executive vice-president of the American National Bank and Trust Company of Chicago, has been made president of the Federal Land Bank of Chicago.

★

To P. B. DOTY, president, First National Bank, Beaumont, Texas, has been awarded the "Golden Deeds" scroll, made annually to the city's No. 1 citizen. The honor is in recognition of his 40-odd years of community leadership.

# Liberty String Binders MEET THE EMERGENCY

## HELP CONSERVE RUBBER

by using the most efficient method for packaging and tying all kinds of small forms. Thousands of large banks and business concerns have been using Liberty String Binders for years. Now they are even more vital to the storage of small records than ever before.

Tying with ordinary string is tedious... rubber bands rot, break... and besides they will become increasingly hard to get. Let Liberties do the job.

Checks, Deposit Slips, Vouchers, Sales Slips and any other small forms can be packaged securely and quickly without tying.



## AVAILABLE PLAIN OR PRINTED



Cost less than 2c each in quantities of 250 or more

**Free Samples  
ALL STYLES**

Write now for full information about this economical packaging method. Just attach this ad to your letterhead and mail today.

## BANKERS BOX COMPANY

536 S. CLARK STREET - CHICAGO, ILL.



I  
**It's as  
easy as this!**

At New York's Grand Central Terminal just toss your bag to a porter and say "Hotel Roosevelt" . . . He'll escort you through our private passageway, direct to the Roosevelt lobby . . . Time-saving convenience and complete comfort . . . Satisfying meals . . . Attractive rooms with bath from \$4.50.

A 25% reduction on room rates  
to service men!

**HOTEL  
ROOSEVELT**  
BERNARD G. HINES, Managing Director  
MADISON AVENUE AT 45th ST., NEW YORK

## Warehouse Receipts

### Emphasis on War

WITH the nation's production effort approaching its peak, Philadelphia is more than ever a maelstrom of business and industrial activity, and it is a focal point for banking transactions of every kind connected with war activities.

To those who do business in this territory we offer a thorough knowledge of local conditions, quick collections, complete commercial banking facilities, and an unquestioned willingness to serve.

... THE ...

### PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Resources over \$650,000,000

*Member of Federal Deposit Insurance Corporation*

SALES of warehouse receipts are covered by the General Maximum Price Regulation, and are not exempt under the section of the Regulation which exempts securities.

"Warehouse receipts are negotiable documents of title representing goods which have been placed in warehouses," OPA pointed out. "When goods whose price ceilings are subject to control under the General Maximum Price Regulation are sold, the price ceilings in the transaction are fixed under the Regulation,—regardless of whether the goods themselves are physically transferred, or the transfer is effected by transfer of the warehouse receipt from seller to buyer."

"The General Maximum Price Regulation is applicable to all commodities which are not expressly excepted therefrom. One section of the Regulation excepts 'securities.' And the term 'security' is itself defined in the Regulation as including any note, stock, bond, and interest or instrument commonly known as 'security.'"

"ALTHOUGH warehouse receipts, like other documents of title, are often used as security for loans, they are not themselves commonly known as securities. Accordingly sales of warehouse receipts are subject to the Regulation.

"A large portion of the business of the nation is transacted through transfers of warehouse receipts and other documents of title. And if these were excepted from the General Maximum Price Regulation, this portion of the nation's business would escape price control completely."

The canning, distilling, and wine businesses are among many in which warehouse receipts play an important part. The receipt itself is the document given to the owner of the goods as evidence of his title to goods stored in the warehouse. It can cover any and all types of goods placed in warehouses.

#### A Pertinent Warning

*"Financing Coal Dealers," on page 54, explains the use of trust receipts to finance coal dealers in stocking winter coal now. Washington reports indicate that those who fail to heed the warning to buy coal now may be cold this Winter.*

# Victory Lobbies and Windows

IN the near future, banks will be asked to set aside part of their window or lobby display space as their share in a nationwide movement to coordinate display facilities of all business establishments and enlist these facilities in the service of the Government for the duration of the war.

The majority of banks, of course, are already devoting a large part of their available display space to patriotic purposes. As leaders in their respective communities the cooperation of banks with this new Victory Display program will aid measurably in insuring its success.

A Victory Display Committee, headed by L. S. Janes, display director of Sears, Roebuck & Company, has been formed to organize local victory display committees in every city and town in the United States and to act as liaison agent between these local committees and governmental departments. Chairmen of the local committees will then organize their own groups and appoint display wardens to cover every business section of their respective communities. The display warden will call on merchants and banks in his section and ask that a portion of available display space in each place of business be pledged to this program. All business establishments cooperating with the victory display plan will receive an official emblem signifying that cooperation.

THE purpose of the plan is to utilize display space across the country as a means of disseminating vital information.

"Really, Oliver, I think it's rather small of you to fuss over a few personal bills when our whole national economy is in danger of being disrupted!"



July 1942

tion. The Government can advise the national committee that it wants a certain important message from the Treasury Department, or the Red Cross, or the armed services, to be made the subject of a display during a certain period.

The national committee advises local committees what the topic is, and the local committees advise the businesses and the banks cooperating with the program. In this way, all displays in the pledged display space in every city and town in the country will be built around the particular theme which the Government thinks is most important at the time as a contribution to victory.

Business establishments and banks cooperating with the program can take each theme suggested to them by their local victory display committee, and build a display around it any way they wish. Or they may obtain displays built to the theme from their regular display sources.

The success of the victory display plan will depend on the voluntary offering of space, services and manpower contributed in the interests of public education.

## War Damage

(CONTINUED FROM PAGE 9)

The policy of banks toward protection of their interests in mortgaged property will no doubt vary as between different banks and different parts of the country. If a bank has an interest in mortgaged property in a likely bombing-target area, the bank will no doubt try to get the mortgagor to take out war damage insurance, and with new borrowers in such areas, it is to be expected that the loan agreement will provide for such coverage. In more remote or "safer" areas, on the other hand, a different attitude may be taken by lenders.

The rate schedule carried in Regulation "A" is more detailed than that shown in the table accompanying this article. The detailed schedule shows occupancy code numbers and construction code numbers, with varying rates for each. Also, rates vary in accordance with different degrees of co-insurance, where co-insurance applies. Presence or absence of automatic sprinklers causes differences in rates.

Any questions which cannot be answered by fire insurance companies may be directed to the War Damage Corporation, Washington, D. C.

## FIRE PREVENTION SPEEDS WAR EFFORT!

Good housekeeping over here will help clean house over there.



## The Phoenix Insurance Company, Hartford, Conn. 1834

## The Connecticut Fire Insurance Company, Hartford, Conn. 1850

## FQUITABLE Fire & Marine Insurance Company PROVIDENCE, R. I. 1855

ATLANTIC FIRE INSURANCE CO.  
Raleigh, North Carolina  
THE CENTRAL STATES FIRE INS. CO.  
Wichita, Kansas  
GREAT EASTERN FIRE INSURANCE CO.  
White Plains, N. Y.  
MINNEAPOLIS F. & M. INSURANCE CO.  
Minneapolis, Minn.  
RELIANCE INS. CO. OF CANADA  
Montreal, Canada



HARTFORD  
30 Trinity Street  
CHICAGO  
2133 Insurance Exchange  
NEW YORK  
110 William Street  
SAN FRANCISCO  
220 Montgomery Street



TIME TRIED & FIRE TESTED

## THE TEXAS COMPANY



159th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1942, to stockholders of record as shown by the books of the company at the close of business on June 5, 1942. The stock transfer books will remain open.

L. H. LINDEMAN  
Treasurer  
May 26, 1942

## HELP YOUR STAFF

See that they read the Powers series of personnel articles which began in BANKING for June, page 19.

## Small Business Needs a Friend

(CONTINUED FROM PAGE 21)

from the same disease as its little sisters of the West. All the general causes of unemployment which have affected other sections, such as the extinction of retail trade in automobiles, refrigerators and other durable goods, have of course affected New York. Its construction industry which normally employs more than 75,000 persons is at a practical standstill. It has had also its own peculiar miseries such as the reduction of its foreign trade to a mere trickle. Now something approximating total collapse threatens its light metal industry employing more than 50,000 who make lipstick-holders, vanities, belt buckles, coffee pots and other domestic and personal gadgets. Uncertainty as to future style restrictions as well as actual shortages of wool, silk and other materials are curtailing employment in the needle trades, while the cheap dress field is threatened with extinction by the OPA price ceiling. In spite of the migration of jobseekers to more thriving communities, at the end of April, 304,000 persons were registered with the U. S. Employment Service in New York City.

ON the other hand, relatively little in the way of war production has come New York's way. Aside from an aluminum plant now being constructed in Queens, no new plants for war purposes have been built or projected in the city. Although New York (including Nassau and Westchester counties) in 1939 produced 7.6 per cent in value of the products manufactured in the United States, it has received only 3.7 per cent of the Government's war supplies contracts. There are several reasons for the failure of New York to get war orders. One is the reluctance of the National Government to build large new plants in a city so exposed to enemy air attack. High prices based on high wages had something to do with deterring the procurement agencies from letting contracts for clothing in New York. The most important obstacle, however, has been the fact that New York is a city of small industries. Its large establishments are all in the field of finance, insurance, utilities and wholesale and retail trade. Its more than 35,000 industrial establishments have on the average less than 20 employees each.

When it comes to orders distributed among many small shops, the argument of exposure to attack, strong as it is against the erection of giant plants, has no special validity. The Government simply has done no more for the small industries of the metropolis than for those of Kansas or Nebraska, and for the same reasons. It has passed by New York as it has passed by a thousand other places with accumulating surpluses of labor, housing and production facilities. In consequence there are 300,000—and soon will be more—persons seeking employment in New York City with no present prospect of getting it except by migration.

Very recently action has been taken regarding the acute situation in New York, which may result in some alleviation of the difficulty.

There can be no doubt that current and impending dislocations of industry and population will add immensely to the final cost of the war and to the difficulty of post-war readjustment. Exactly what will happen when the war is over no one can foretell. This much, however, seems certain. Some civilian production businesses will pick up where they left off in their old locations. Others will not. Some great war plants will quickly shift to peacetime work in their new locations. Other war plants will close their doors, perhaps forever.

PEACE, in other words, will bring its own series of dislocations the intensity of which will depend in some degree on the intensity of wartime dislocations. It is possible that even if a general post-war slump is avoided many individual communities will suffer severely from continuing decay or collapsing booms. Naturally their banks will suffer with them. It is obviously to the interest of banks to keep down as far as possible the extremes of depression and stimulation which the war effort now entails. For this reason the banks should be the special champions of small business threatened with extinction in our war production program.

It cannot be said that Washington has been wholly blind to the plight of small business. Many of our national authorities from the President down have expressed concern over the prospects of

the small businessman. His relation to the war effort has been canvassed and recanvassed. On the side of Congress the Committee to Investigate Defense Migration found not only that the small industries were suffering severely from current procurement policies but that a really total war effort was impossible without their general enlistment in it. On the executive side the experts of the short-lived Defense Contract Distribution Division of the OPM recognized the importance of small industry to the defense program and tried, by holding defense clinics and suggesting techniques for inter-plant cooperation, to help it to a place in that program. Among other things it found on examining the finances of several hundred subcontractors that 40 per cent of them were submarginal credit risks, beyond the help of the banks or the government lending agencies. Nor did the advances made to prime contractors percolate down to such subcontractors. This became one of the ostensible reasons for Executive Order 9112, a further proof of the interest in small business of an influential section of the National Administration.

THERE is, too, a growing feeling, evidenced by WPB's recent decision to forego future plant construction and rely on those already in existence or soon to be completed, that the quickest and cheapest way of getting war production is by the widest possible use of existing facilities. We have reached a point apparently where the congestion of war industries in certain localities threatens a series of economic embolisms. These localities already exhibit dangerous bottlenecks in transportation, labor supply and housing. New plants, whether added to existing congestion or erected in fresh locations, not only take precious time and use up precious materials, but involve the cost of the plant itself and of the housing and the municipal facilities which are necessary to its operation.

For the costs which should be counted are the over-all costs to the American people, regardless of whether they are carried in a Federal budget or a municipal budget or are merely an unallocated incident of economic dislocation.

**How Anaconda  
encourages better building  
... MAKES HOME OWNERS  
BETTER MORTGAGE RISKS**

In Time Magazine July 6th a million readers will see the message reprinted on this page. The objective is to demonstrate dramatically the advantages of building with copper, brass and bronze . . . advantages which you as mortgagors can appreciate.

4210



**The bonds a well-built house pays for**

THE Turners' bank would tell you they are the steadiest customers for U.S. War Bonds of all the families on Elm Street. Mr. and Mrs. Turner would say one reason they can do it is the kind of house they live in.

When they built it several years ago, there was no thought of war or priorities—but they built well. Mr. Turner agreed with the architect that Anaconda Copper and Brass should be used throughout.

So year after year, Mrs. Turner has enjoyed trouble-free plumbing—every pipe in the place is solid

brass...rust-proof, long lasting. Nor has Mr. Turner needed to replace a copper gutter, downspout or an inch of flashing. It has been a money-saving house—from its durable bronze screens to the hot-water heater of Everdur Metal in the basement. And these metals will last through this duration and many a year to come.

Today, materials are not available to build a home like the Turners'. Undreamed-of quantities of copper and brass are needed to help win the war—huge amounts for ammunition, for ships,

planes and tanks, and for the electrification of the plants producing them.

Present Anaconda production is devoted entirely to America's war needs. Meanwhile, Anaconda is carrying on the same calibre of research that pioneered such contributions to better living as brass-pipe plumbing...leaving nothing undone that might give Anaconda Copper and Brass new usefulness in the peacetime future.

**THE AMERICAN BRASS COMPANY**  
General Offices: Waterbury, Connecticut  
Subsidiary of Anaconda Copper Mining Company  
In Canada: ANACONDA AMERICAN BRASS LTD.,  
New Toronto, Ont.

"Everdur" is a trade-mark of The American Brass Company,  
registered in the U. S. Patent Office.



*Anaconda Copper & Brass*

# Britain's "Carry-On" Advertising

ERNEST A. DENCH

THE Silent Business Man who does things without explaining them to his customers and prospects is going to have a hard time for the duration.

He should explain why certain restrictions in quantity purchases are necessary, why there are shortages of this and that, why price increases are unavoidable.

He should explain why substitutes of certain products must be accepted and he should explain the whys of curtailed service, whether the cause be deliveries, business hours, government control of credits, depleted personnel.

The alternative to adequate explanations is wild rumor. And rumor, when allowed to get out of hand, is as hazardous to any business as a red traffic light on the highway.

Let's turn, for a moment, to that larger theater—the world at war. Walter Lippmann, in one of his syndicated columns, eulogized Winston Churchill in this vein: "Churchill seems to be the only statesman in the world who really believes that the people can and should be enabled to understand the war. Certainly he is the only one who goes to them whenever events have taken a new turn and tells them even in broad outlines what has happened and why it

has happened. Surely the willingness to explain what he has been doing is, even more than his great gifts of speech, the secret of his leadership."

Two major conflicts in 25 years, with all the trade and industry headaches that accompany them, have taught British advertisers that, while living in the present, they have to keep a keen eye on the future. You can't just drop everything and expect to have a *going* business when peace dawns.

THEIR carry-on advertising has, by the trial and error method, acquired a style and technique which really does *keep* the consumer interested in a product, even if she cannot buy it for love and money right now.

The typical British business man is a hard-headed realist. Emotionalism seldom sways his sound judgment. You will rarely find him rising to flights of fancy, or thumping the patriotic drum, in his institutional advertisements.

Since the Pearl Harbor incident, many American business men have indulged in an epidemic of flag-waving to screen either immediate or future bids for trade.

Business men are, of course, patriotic to the extent of cooperating with the

Government in war policies relating to trade and industry. Lots of them fall in line because they are well aware that the alternative to voluntary compliance is compulsion. This can scarcely be called patriotism. The business man's true patriotism is confined to his private life, without thought of financial gain or winning favors from government officials. The business man does not advertise his patriotism; he proceeds to manifest it as he does in aiding a neighbor in distress. He's the man who, in peacetime, freely contributes to charities under the guise of "anonymous contributor."

Getting back to flag-waving advertisements, how do consumers react to them? The organized consumer movement of recent years has proved that consumers are far more intelligent than advertisers realize, in separating the fake from the genuine.

In wartime, as in peacetime, the consuming public resents the business man posing as a patriot while soliciting its trade. Let him stick to his merchandise, or his service as affected by wartime conditions, and they will respect his advertising announcements.

IT is information—and lots of it in small doses at a time—they need in order to adjust their daily lives to changing conditions, so why not concentrate on that practical and timely objective?

Our earlier claim in this article that British advertisers are realists springs partly from our British background and partly from a survey of 58 advertisements published in British newspapers and periodicals early in 1942.

The dominant theme trend was that of products in short supply. Forty-nine of the advertisements endeavored to solve the problem to the satisfaction of consumers. These advertisements were in four classifications. The most popular, judging by examination of 24 such pieces of copy, was encouraging consumers to be persistent in asking for a specific product. Next came (nine advertisements) advising consumers to practise self-rationing. Third in line (six advertisements) was wooing consumers to definite brands, even though the staples they represented were on the official rationing list. Fourth and

## Jaguar Cars



"I have owned three Jaguars, two 2½-litres and my present 3½-litre. She has done 76,000 miles, and the engine is as silent as when new. Although decarbonised only four times, she still does 90 m.p.h., 18 m.p.g., and 1,000 m.p.g. of oil. I could not wish for a better car."  
April, 1942.  
*From Mr. R. B. Pullin, Brentford*

S. S. CARS LIMITED, COVENTRY



last (five advertisements) was educating the public to packaging changes.

There were two minor slants, with three and two advertisements, respectively. First of these proved the British advertiser's hard-headedness—a disinclination to divert sales to competing channels through substitution; and that he would rather sell a new article than service an old one. Considering that servicing in some American trades is now a lifesaver, this British attitude is surprising. The British problem is the scarcity of competing servicing mechanics, most of them either being in the military forces or engaged in war industrial work. It takes long weeks, sometimes painful months, to get even the simplest domestic appliance repaired—and for this reason, there is no point advertising a nonexistent service.

Chiefly because advertising space is rigidly rationed (and there are corresponding regulations in the use of paper for direct mail and door-to-door distribution), British business has become word-choosey. Praise the war for sounding the death-knell of the long-winded copywriter. Condensed copy is the hardest kind to write because it must be rewritten several times to reach the core. And this core is usually a pithy sentence or two, explaining what's what to the consuming public from week to week or day to day. It's read—be sure of that.

The important thing, as British advertisers have discovered at great expense and personal anguish, is to be *on time* with this type of advertising.

The longer the war lasts, the more products will vanish from the plentiful list. Short supply leads to rationing. This 'twixt and 'tween period is a competing brands have the stage. A consumer's natural impulse is to take what she can get regardless of brand. The impulse can be checked by urging the consumer to be persistent. Some stores may, due to far-sighted buying, have ample stocks; others, hand-to-mouth stockers, may have little or none on hand. At this critical time the advertiser is at the mercy of his retail outlets, particularly the one-twelfth of a dozen headaches.

THE damage is done when advertising is discontinued during the shortage period and resumed when the product, regardless of brand, is no longer available to civilians. Once a consumer switches brands it is hard to re-woo her goodwill. The *last* brand she has favored, providing that brand is as good as the other, will be the one she is apt to buy when the war ends.

## Ration Card Banking

(CONTINUED FROM PAGE 23)

The debits or payments out of the coupon account are represented solely by transfer vouchers issued in favor of a named transferee. In view of the above it is apparent that when a trader wishes to transfer coupons to any other trader or to a supplier he must make out a transfer voucher and attend at the bank for the purpose of having the voucher confirmed and debited to his own account. The confirmation of transfer vouchers is therefore an important part of the banker's duty and before confirming he should see that the voucher is correctly made out, that words and figures agree, that the balance in the account is sufficient to meet the transfer, and most important of all have the necessary entries made in the customer's account.

THE trader operating coupon accounts must keep a daily record of these coupon accounts and the balance must be checked with the bank's figures at least once a quarter. The bank will give a figure verbally and in the case of any

dispute may allow the trader to examine its records. As the scheme stands at this writing no pass books, written statements of account, or certificate of the coupon balance are to be issued.

THE banks, of course, have records to maintain, namely, a daily record sheet, and a customer's account sheet, the uses of which are apparent from the titles.

Each bank office will be held responsible by, and will have to account to, the Board of Trade for all coupon envelopes and transfer vouchers paid in and shown on the credit side of the daily record sheet.

The scheme will impose considerable additional work on an already strained banking staff, but there is no doubt that the machinery will function efficiently and smoothly.

And, as was noted at the beginning of this article, the fact that the banks have been assigned to the job by the Board of Trade is a compliment to their ability.

★ CANADA  
AT WAR

## War —

### CANADA'S MAJOR INDUSTRY

Starting from scratch, without factories or trained personnel—without blueprints, Canada's twelve million people in two years have built an armament industry. Guns, tanks, planes, ships, small arms, explosives—equipment of every kind, are now in mass production. Canada has built up a Navy from 15 to 400 ships. She has built, equipped, and maintained a fighting force of 450,000 men. She is playing the major role in the British Commonwealth Air Training Plan, one of the greatest schools for fighting airmen the world has ever seen. . . . War is Canada's major industry today.

## THE ROYAL BANK OF CANADA

Head Office - Montreal

New York Agency - 68 William Street

This advertisement is published in the belief that our American Neighbours will be interested in the facts presented. More detailed information is available on request to The Director of Public Information, Ottawa, Canada.

# THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

**Service** — Maintaining an intimate, personalized correspondent bank service.

**Experience** — Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

**Policy** — To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



ESTABLISHED 1908

MEMBER  
NEW YORK CLEARING HOUSE ASSOCIATION  
FEDERAL DEPOSIT INSURANCE CORPORATION

**NEED A MAN?** This man is beyond the draft age and his long experience with securities make him valuable to someone. Type of work and remuneration are not so important if it releases or replaces someone younger for active duty in the armed forces or a plant making war material. Highest references. Address Box B, BANKING, 22 East 40th Street, New York City.

## HELP for your DIRECTORS

The bank director's task is not an easy one in these critical days. You can help your directors by supplying each with a copy of "The Bank's Directors" containing 13 articles by Milton Wright reprinted from BANKING . . . only 25¢ a copy

BANKING . . . 22 E. 40th St., New York, N.Y.

## Financing Coal Dealers

DONALD NELSON, chairman of the War Production Board, has asked coal dealers to stockpile coal to the limit this summer so as to avoid the serious dislocations in transportation expected next Fall and Winter. If coal dealers are to heed his warnings local banks must assist by supplying the necessary credit. Banks should take the lead and approach their local coal dealers.

Persons familiar with trust receipt financing feel that it is adaptable to the credit needs of the smaller and medium-sized dealers. Where a quite sizeable tonnage of coal is being financed, field warehousing is practical for its costs can be spread widely and are therefore not disproportionate to the credit service involved. For smaller set-ups the trust receipt is the best device to enable the lending bank to have the security of the coal without the warehousing costs. This is true even in states which have not enacted the Uniform Trust Receipts Act, for trust receipt financing is possible if the bank remembers to have title to the goods covered by the trust receipt pass directly to it.

How the trust receipt can be used may best be illustrated by a specific case: A small or medium-sized coal dealer needs financial assistance in stocking coal now for next Winter's requirements. The bank and the dealer agree that the bank shall advance 90 per cent of the cost, the dealer to put up 10 per cent of the invoiced price. The bank is to be secured by trust receipt. Payment of the shipper is to be made directly by the bank either by lifting the bill of lading with sight draft attached or if cash is not to be paid for the shipment, the coal is to be invoiced to the bank and not to the dealer. Upon arrival of the shipment of coal, before the shipping documents are released to the dealer, the dealer signs the trust receipt. At the same time the dealer gives his check for 10 per cent.

In those states where the Uniform Trust Receipts Act is in force the bank engaging in trust receipt financing must file a simple statement to this effect with the Secretary of State. The statement should be filed within 10 days of the acceptance of the first trust receipt obligation. The filing fee is \$1 and the form should be signed by the dealer and the bank.

The interest the bank acquires by trust receipt covers the coal as against all except purchasers in the ordinary

course of trade. It extends also to the accounts receivable arising out of sales of the coal if payment of the dealer's obligation has not been made.

SINCE in case of default it may be necessary for the bank to identify the coal, it is suggested that the storage place of the coal be clearly marked or posted to indicate the bank's interest. In addition the bank should make frequent inspections to assure that withdrawals are not being made without notice to the bank or a reduction on the bank's advances.

When sales of the coal are made, the dealer is to notify the bank of such sales or give it copies of the invoices. As the checks in payment are received by the coal dealer he gives them to the bank which applies a portion to the loan and credits his profit to his account.

Points to be remembered in trust receipt financing: (1) it is still necessary that the borrower be a good moral risk and (2) trust receipts should not be used to secure any past indebtedness nor obligations subsequently created.



## Welcome to Detroit

... America's Assembly Line!

DETROIT and the Book-Cadillac anxiously await your coming A.B.A. convention. We're glad that you have chosen one of America's busiest cities . . . one of America's greatest hotels.

And when you are in town, don't fail to enjoy the Book's famous four restaurants.

For dinner we recommend the Book Casino; for lunch, the Esquire Room—reserved for men; for cocktails, enjoy the smartest spot in town, the Motor Bar.

**BOOK-CADILLAC**  
DETROIT, MICHIGAN

1200 Rooms — Minimum Rate \$3.30

W. O. Seelbach, Managing Dir. W. J. Chittenden, Jr., Resident Mgr.

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## How long would you like your Plywood boiled?

• The answer is *long enough to prove that continued boiling would still have no effect on the phenolic-resin bond between the plies.* You see, boiling is just one of a series of tests to which Exterior-type Douglas Fir Plywood is constantly subjected. We want to make sure that Exterior Plywood will withstand *all* water and weather conditions. We want to determine if there are possible ways of improving its performance.

These tests—important as they are—constitute but a small part of our extensive research program. We are seeking the answers to scores of problems *today* so that *tomorrow*, when all types and grades of Douglas Fir Plywood are again available everywhere, *this engineered lumber will be more useful to you than ever before.* Douglas Fir Plywood Assn., Tacoma, Wash.



**TO HELP SPEED VICTORY**  
the Douglas Fir Plywood Industry is devoting its entire capacity to war production. We know this program has your approval.

**DOUGLAS FIR PLYWOOD**  
*Real Lumber*  
MADE LARGER, LIGHTER  
SPLIT-PROOF  
STRONGER

**REMEMBER** — there is a grade or type of Douglas Fir Plywood made for every purpose. Every genuine panel bears one of these "grade trade-marks":

**PLYWALL** — wallboard grade  
**EXT-DPFA** — waterproof exterior type  
**PLYSCORD** — utility sheathing grade  
**PLY PANEL** — cabinet grade  
**PLYFORM** — concrete form grade

"A PRODUCT OF AMERICA'S ETERNALLY REPLENISHING FORESTS"



## New Target for Industry: More Dollars Per Man Per Month in the **PAY-ROLL WAR SAVINGS PLAN**



**TO WIN THIS WAR**, more and more billions are needed and needed fast—**AT LEAST A BILLION DOLLARS A MONTH IN WAR BOND SALES ALONE!**

This means a *minimum* of 10 percent of the gross pay roll invested in War Bonds in every plant, office, firm, and factory in the land.

Best and quickest way to raise this money—and at the same time to "brake" inflation—is by stepping up the Pay-Roll War Savings Plan, having every company offer every worker the chance to buy **MORE BONDS**.

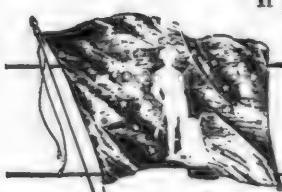
Truly, in this War of Survival,  
**VICTORY BEGINS AT THE PAY WINDOW.**

If your firm has already installed the

Pay-Roll War Savings Plan, *now is the time*—

1. To secure wider employee participation.
2. *To encourage employees to increase the amount of their allotments for Bonds, to an average of at least 10 percent of earnings—because "token" payments will not win this war any more than "token" resistance will keep the enemy from our shores, our homes.*

If your firm has not already installed the Pay-Roll War Savings Plan, *now is the time to do so*. For full details, plus samples of result-getting literature and promotional helps, write, wire, or phone: War Savings Staff, Section E, Treasury Department, 709 Twelfth Street NW, Washington, D. C.



## **U. S. War Savings Bonds**

This space is a contribution to America's all-out war program by

BANKING—Journal of the American Bankers Association

## PICTURE LOG—A Day at The Graduate School of Banking



Dr. Harold Stonier, director of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, *left*, welcomes the students to the eighth resident session. *Right*, students on the campus between classes



The Rutgers gymnasium is used by the Graduate School for a variety of purposes — classes, seminar meetings, and graduation exercises. In addition it is used to serve all meals to students and faculty members. The entire student body is shown at lunch on the opening day of the 1942 session

Graduate School students have a choice of four majors—Commercial Banking, Savings Management and Real Estate Financing, Investments and Trusts. A class in trusts is shown at right. Gilbert T. Stephenson, director of Trust Research of The Graduate School of Banking, is the instructor of this group



F. P. G. PHOTOS

## Newly Elected A.I.B. Leaders . . . New York Clearinghouse Float

George T. Newell, 1941-42 president of the American Institute of Banking, yielding the leadership at the Institute's annual educational conference in New Orleans to his successor, David E. Simms of the Salt Lake City Branch, Federal Reserve Bank of San Francisco, who served as vice-president of the Institute during Mr. Newell's presidency



Newly selected Executive Councilmen—*above, left to right*, Herman W. Kilman, Federal Reserve Bank of Dallas; Walton L. Sanderson, assistant cashier, Hamilton National Bank, Washington; Everett C. Stevenson, assistant cashier, First National Bank, Bound Brook, New Jersey; and George J. Greenwood, Jr., assistant manager, Portland Branch, Bank of California, San Francisco . . . . . *right*, David L. Colby,

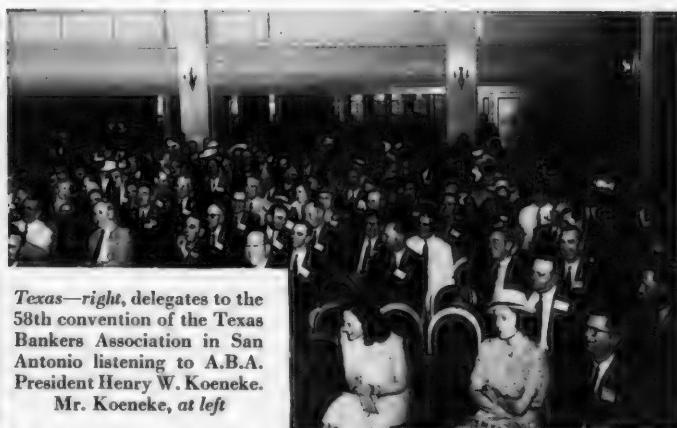


Boatmen's National Bank of St. Louis, newly elected vice-president of the Institute



The 19 New York Clearinghouse banks reported on their part in the war effort with this attractive float in the great "New York-at-War" parade on June 13. About 3,300 employees of these New York City banks already have joined the armed forces. The Savings Bank Association of the State of New York also entered an effective float in this giant parade. Jersey City bankers recently participated in a community-wide parade to stimulate the sale of War Bonds. This group was headed by Kelley Graham, president, The First National Bank, and staged a "Buy Bonds for Victory" parade on June 10, resulting in one-day sales amounting to \$1,137,492.

## STATE ASSOCIATION MEETINGS



*Texas—right, delegates to the 58th convention of the Texas Bankers Association in San Antonio listening to A.B.A. President Henry W. Koeneke.*

*Mr. Koeneke, at left*

*Arkansas—at the Food-for-Freedom luncheon at the 52nd annual convention of the Arkansas Bankers Association in Hot Springs. Left to right, A.B.A. First Vice-president W. L. Hemmingway, St. Louis; A.B.A. Deputy Manager A. G. Brown, New York; and Arkansas Bankers Association Agricultural Committee Chairman A. H. Hunt, Carlisle, Arkansas*



*South Carolina—at the 42nd annual convention of the South Carolina Bankers Association. Left to right, A.B.A. Second Vice-president A. L. M. Wiggins, Hartsville; F. E. Grier, retiring association president, Greenwood; and William E. Martin, secretary-treasurer of the South Carolina Bankers Association, Columbia*

*West Virginia—Edgar E. Mountjoy, secretary of the National Bank Division of the A.B.A., New York, standing, left, being presented by Hill Stump, chairman, Group VI, West Virginia Bankers Association, Buckhannon, at a group meeting in Clarksburg. Mr. Mountjoy spoke on "Bank Earnings"*



# War Bond Sales Hints



In this unique sand-bag dugout the American State Savings Bank of Lansing, Michigan, sells War Bonds and Stamps. A customer furnished the idea and 250 bags of sand for the hut



The Westminster (Maryland) Savings Bank and the local American Legion Post cooperate in the sale of War Bonds by utilizing a sound truck. Literature is distributed from the truck and Legionnaires and bankers make short loud speaker talks

★

Bank magazine publishers and editors from various sections met with officials of the Treasury's War Savings Staff to discuss how they can do more to promote the sale of bonds. *Left to right*, F. P. Bennett, *United States Investor*, Boston; Tom Boright, *Commercial West*, Minneapolis; Ross Barrett, Jr., War Savings Staff; Henry Bodendieck, *Bank News*, Kansas City; V. F. Callahan, War Savings Staff; D. H. Clark, *Mid-Continent Banker*, St. Louis; F. P. Syms, *Regional Banking Journals*, New York; J. C. Scarboro, *Mountain States Banker*, Denver; and Milton Boswell, *Texas Bankers Record*, Dallas. D. J. Needham, A.B.A. general counsel, Washington, and C. B. Axford, *American Banker*, New York, also were present



## Radio

FIRST NATIONAL BANK AND TRUST COMPANY of Tulsa, Oklahoma, was the sponsor of a unique radio War Savings Bonds and Stamps merchandising plan, which the bank christened "the greatest sale in history."

Twice weekly, for 14 consecutive broadcasts, the FIRST NATIONAL sponsored programs between two competing teams, "Stars" and "Stripes," on alternate nights. The bank's lobby provided the setting. Two hundred leading business and civic workers were organized into two teams under the guidance of captains. These business men actively solicited signed applications and telephone orders for their night's broadcast.

In addition, various civic clubs were induced to sponsor individual broadcasts in cooperation with the "Stars" and "Stripes," members operating among friends and associates in the same manner as the bank teams.

The actual broadcasting mechanics followed this pattern:

Three microphones were used, one for music by a volunteer band. Two others, one for the announcer handling the show and one for the captain of the team, were used for announcements. Volunteer workers, usually bank contact employees, manned telephone stations set up in tellers' cages, where telephone orders were accepted. These were delivered by "messenger" to those manning the "mikes." Another volunteer corps acted as messengers to take written orders to the auditor for tabulation after being reported on the air.

All applications were converted into bonds by volunteer bond department employees before the bank opened the following morning, so that the bonds were ready for immediate delivery when purchasers arrived.

**Results:** In 14 broadcasts a total of \$1,521,913 in War Bonds and Stamps was sold, written and delivered. In addition, many future pledges were accepted, but were not recorded as "bonds sold."

## Essays

THE FIRST NATIONAL BANK of Shreveport, Louisiana, had 2,661 entries in its essay contest for high school pupils on the subject "Why We Should Buy War Savings Bonds." Prizes totaling \$240 in Savings Stamps were divided among the winners in the city's four high schools.

## Wartime Statement

FIRST NATIONAL BANK at Orlando, Florida, visualizes the five war fronts of service reflected in the figures of its latest comptroller's call statement: (1) WAR FINANCE FRONT, vigorous selling of War Bonds and Stamps, discouragement of needless spending; (2) HOME FRONT, keep its own house in order for an effective role in the vast industrial and financial expansion ahead; (3) PRODUCTION FRONT, loans to help business, large and small, mobilize for war; (4) COMMUNITY FRONT, local support for the Red Cross, USO and CDO; help maintain high



Photographic murals on the walls of the main banking room of the Central National Bank and Trust Company, Des Moines, Iowa, have aroused keen interest and advanced the sale of War Bonds and Stamps. The pictures are enlargements showing the armed forces in action

public morale; (5) ECONOMIC FRONT, gearing all services to the war job.

### Bond Storage

WHEN 929 WORKERS in the Saltville, Virginia, area signed payroll deduction agreements with the FIRST NATIONAL BANK, safe keeping became a problem. A few rented safe deposit boxes, but apparently the majority were content with a dresser drawer or a pigeonhole in the old desk. Realizing that the first War Bond to many workers was the first and perhaps only valuable document in their possession, the bank invited all enrolled in the plan to store their bonds in the bank's main vault for a period up to 10 years, at a service charge of only 50 cents. The response was immediate and now the bank is considering a similar plan for insurance policies and other non-negotiable securities or documents.

### Medium for Minute Man

NATIONAL BANK OF DETROIT adds an important new medium to its extensive War Bond advertising. From now on 48,000 monthly statements will carry the Minute Man insignia as a reminder of the home front responsibility to support the war effort. The fact that everyone who receives this statement reminder has money in the bank should have the desired psychological effect.

Keep this thought on tap when next you order statement forms. The electro may be printed in the same color as the form without additional charge, or in a second color for large quantity runs at approximately \$1 per 1,000. Ask your printer.

### Red Cross Boss

RICHMOND (California) CHAPTER of the American Red Cross, dressed in the natty uniforms of the Motor Corps, will man the War Bond booths of the FIRST NATIONAL BANK and the MECHANICS BANK "for the duration." To banks faced with a personnel problem, here again is a suggestion for willing outside help from Red Cross, OCD, USO, or any of many organizations.



This tank model in the lobby of the First National Bank of Glens Falls, New York, is selling War Bonds. C. A. Scriver, assistant cashier, designed the tank; a cabinetmaker built it

Display over the front entrance of the Tower Grove Bank and Trust Company, Saint Louis, attracts favorable comment. The figures, in color, are particularly effective at night



Outdoor and car card War Bond poster used by the East River Savings Bank, New York



**ALL TOGETHER NOW  
-KEEP SAVING**

**EAST RIVER SAVINGS BANK**

**AND BUY  
WAR BONDS  
AND STAMPS**

# New State Presidents

1942-1943

*Pictures of other recently elected heads of state bankers associations will be published next month*



NEW YORK—John P. Myers,  
Plattsburgh



OHIO—E. D. Reese,  
Newark



ILLINOIS—H. G. Bengel,  
Springfield



NEW JERSEY—F. P. Armstrong,  
Keyport



VIRGINIA—G. C. McCall,  
Norton



NEW MEXICO—J. E. Robertson,  
Carlsbad



FLORIDA—J. L. Dart,  
Jacksonville



KANSAS—C. E. Floersch,  
Manhattan



GEORGIA—J. P. Culpepper,  
Alapaha



LOUISIANA—W. W. Schroeder,  
New Orleans



SOUTH CAROLINA—C. A. Spivey,  
Conway



DISTRICT OF COLUMBIA—J. A.  
Reilly, Washington



INDIANA—A. C. Voris,  
Bedford



MISSOURI—W. M. C. Dawson,  
Grant City



CALIFORNIA—J. E. Shelton,  
Los Angeles



PENNSYLVANIA—J. H. Evans,  
Sharon

# NEWS PAPER

## A.B.A. Cancels September Detroit Conference

### Banks Get War Loans Bulletin

#### Regulation V Is Fully Explained

Special Bulletin No. 85 on war production loans under Executive Order No. 9112 and Regulation V has been prepared and distributed to the membership of the American Bankers Association by the Bank Management Commission.

This is a companion piece to Special Bulletin No. 82, covering national defense loans, put out by the Commission in December 1940, which was favorably received by banks, government officials and defense industries.

The war production loan bulletin incorporates a digest of Executive Order No. 9112 and Regulation V, digest of the guarantee agreement, questions and answers explaining the Executive Order and regulation, and an outline of the procedure to be followed. The appendix carries the full text of this material and includes the application for guarantee.

#### Koeneke Writes Banks

In a letter to the banks of the nation, transmitting Bulletin No. 85, President Henry W. Koeneke said:

"Total war demands that the total resources, the total facilities, and the total skills of the nation be converted immediately to the production of the tools and weapons that will guarantee America and her valiant allies a victory no less total than the struggle itself."

"Today every suitable plant, large and small, must be enlisted in the war production program."

### Personnel Data Asked of Banks

#### A.B.A. to Aid in Wartime Problems

A survey designed to help banks solve wartime personnel administration problems has been undertaken by the American Bankers Association in cooperation with the state associations.

Sixteen hundred banks have received from William Powers, A.B.A. director of customer relations, a survey form seeking statistical data on the personnel situation existing in each institution.

Information requested includes: personnel turnover in the past year, principal sources from which replacements or additional staff members were obtained, approximate monthly salary scales, percentage of dollar change in the total payroll in the past year, principal features of any cost-of-living bonus plans, overtime hours and rates, war effort and selective service data bearing on the personnel.

#### War Status Form

Mr. Powers has also sent to each of the 1,600 banks a suggested form to be followed in checking the war status of male employees who are of draft ages.

The information, to be furnished to the bank's personnel officer by each staff member concerned, covers the staff man's draft classification, his civilian defense activities, his possible participation in the management of a war industry either as an individual or the representative of his institution.

### Annual Meeting Called Off Because Of Wartime Conditions in Nation

The American Bankers Association has canceled the Conference on Wartime Finance which was to have replaced the annual convention at Detroit, Sept. 28-30.

Action was taken by the Administrative Committee after Joseph B. Eastman, Defense Transportation Coordinator, had appealed for voluntary deferment of all meetings and conventions as a means of relieving the wartime strain upon the nation's transportation facilities.

#### Condensation of Regulation "W" Sent to Banks

A condensed version of Regulation "W" as revised to May 6, 1942 has been sent by the American Bankers Association to its membership. It deals with new rulings established by the Board of Governors of the Federal Reserve System covering instalment sales, instalment loans, renewals, extensions and single payment loans, as well as down payments and time limits for instalments.

"Although consumer credit in commercial banks has been, of necessity, seriously curtailed by the present economy," the Association's pamphlet asserts, "we believe it is essential to our private chartered banking system to maintain the dominant position of the banks in this important field of service to the general public."

A diagram of the provisions of Regulation W also has been devised by the Consumer Credit Department and is available upon request. It includes an outline of the requirements with respect to down-payment, time limit, loaning limit, payments, renewals, additions, certificate of necessity, and loans in default.

The diagram is reprinted on page 42 of this issue of BANKING.

The Executive Council of the Association voted at the recent Spring Meeting to change the annual convention to a war finance conference, curtailing the period of the meeting and eliminating all entertainment features.

The program planned for Detroit had provided for a series of clinic meetings on various phases of banks' war service.

Annual sessions of the A.B.A. divisions, as well as the sessions for transactions of Association business, were to have been held as usual.

Several other business and financial organizations, including a number of state bankers associations, have likewise canceled their conventions.

### New Memberships Continue to Gain

New memberships in the American Bankers Association continue to run above a year ago. Between Sept. 1 and May 29 the number received was 574 against 488 in the comparable period of the previous A.B.A. year.

## State Bank Loans, Investments, Deposits Up in '41; War Credits Boost Lending

Total resources, investments and deposits of all state banks in this country rose to new record highs during 1941, according to the 11th annual report of the State Bank Division, American Bankers Association. Loans also increased but there was a decrease in combined cash, reserves and funds due from banks.

The survey, covering 9,713 state supervised banks, is based on the year-end 1941 reports of the state banking departments. Included are 7,924 state (commercial) banks, 867 loan and trust companies, 54 private banks, 329 stock savings banks and 539 mutual savings banks.

### Resources Up 3.1%

Aggregate resources of all state banks on Dec. 31, 1941 were 3.1 per cent over the previous year. Loans and discounts were 7.7 per cent higher, and total investments, of which nearly three-fourths were in United States Government obligations, increased by 9.1 per cent. Deposits were up 3.9 per cent. Cash, reserves and funds due from banks dropped 7 per cent and total capital accounts (capital stock, surplus, undivided profits and reserves) declined 2.9 per cent during the year.

Resources, deposits, and investments of total state supervised banks made new highs in 1941. Resources aggregated \$46,905,887,000, a gain of \$1,424,693,000, or 3.1 per cent.

Loans and discounts rose \$1,-

### Earnings-Expense Survey Coming

The State Bank Division's annual compilation of earnings and expenses had not been completed at press time. A resume of it will appear in a future issue of BANKING.

558,287,000, or 7.7 per cent, to \$14,821,609,000. The demand for bank credit by industries directly or indirectly engaged in war production continued to grow throughout 1941.

"It is probable that by the end of the year," said the survey, "the proportion of loans made to defense industries for working capital, in relation to all bank loans, had increased considerably. Further, there is evidence that these loans to finance the armament program will continue to expand, although other commercial loans may be reduced because of priority restrictions which will act to curtail expansion of nonessential industries and also because of diminishing consumer loans."

### Investments Rise 9.1%

Total investments of \$18,408,058,000 on Dec. 31, 1941 were up \$1,529,459,000, or 9.1 per cent. The gain was the result of larger holdings of government securities which increased \$1,940,293,000, or 17.1 per cent, compared with a de-

### Some State Bank Statistics

The following table shows the percentage of increase or decrease of principal items in four classes of state banks in 1941, compared with the 1940 year-end:

	State (Commer- cial) Banks	Loan and Trust Com- panies	Stock Savings Banks	Mutual Savings Banks
Total resources.....	+13.3%	+ 0.9%	+ 4.6%	- 1.4%
Loans and discounts...	+10.4%	+16.1%	+ 7.1%	- 1.1%
Total investments....	+17.9%	+10.9%	+ 0.1%	+ 3.6%
Cash, reserves and funds due from banks	+14.8%	-16.2%	+11.6%	-18.1%
Total deposits.....	+14.7%	+ 1.6%	+ 4.8%	- 1.2%
Total capital account..	+ 1.6%	- 4.4%	...	...

crease of \$410,834,000, or 7.4 per cent, in other investments. United States obligations, direct and guaranteed, constituted 72 per cent of total investment holdings.

Combined cash, balances with other banks, including reserve balances, and cash items in process of collection, aggregated \$12,086,385,000, a decline of \$903,088,000, or 7 per cent, the first decrease noted in cash and reserves since 1937.

Total deposits of all state banks rose during 1941 to a new high of \$41,830,916,000, representing a gain of \$1,566,895,000, or 3.9 per cent. Demand deposits increased \$1,316,642,000, or 8.4 per cent, to \$16,980,040,000, while time deposits declined \$75,456,000, or 0.4 per cent, to \$17,882,639,000.

### Bond Talks

Ten talks for use by bankers in support of the United States War Savings Bond program have been prepared by the A. B. A. Committee on Public Education after consultation

### D. S. Sylvester

Dana Scott Sylvester, for 20 years executive manager of the Savings Banks Association of Massachusetts, died suddenly June 5.

Mr. Sylvester was a member of the State Secretaries Section of the American Bankers Association. He participated actively in the work of the A.B.A. Savings Division and was nationally known among savings bankers for his effective service in improving savings bank operation.

The Massachusetts association, to which all the 191 mutual savings banks in the state belong, pioneered in many fields under Mr. Sylvester's guidance. He was formerly dean of the School of Commerce and Finance at Northeastern University, Boston, of which he was a graduate. His home was at Newton Highlands.

with Treasury Department officials.

Copies are obtainable from state association secretaries.

## CONVENTIONS

*Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.*

### American Bankers Association

Sept. 28-30 National Conference on Wartime Finance, Book-Cadillac Hotel, Detroit. *Cancelled because of war*

### State Associations

July 8-10 Minnesota, Hotel Duluth, Duluth  
Sept. 6-9 Iowa, Ft. Des Moines Hotel, Des Moines  
Oct. 12 Vermont, Hotel Vermont, Burlington

### Other Organizations

July 5-11 Institute of Public Affairs, University of Virginia, Charlottesville  
July 13-17 North and South Carolina Bankers Study Conference, Chapel Hill, North Carolina

July 19-24	Stanford Business Conference, Stanford University, California
Sept. 2-5	Virginia Bankers Conference, University of Virginia, Charlottesville
Sept. 10-12	Savings Banks Association of Maine, Mount Washington House, Bretton Woods, New Hampshire
Sept. 17-19	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Sept. 23-25	Savings Banks Association of State of New York, The Waldorf-Astoria, New York City
Sept. 30-Oct. 2	Mortgage Bankers Association of America, Edgewater Beach Hotel, Chicago
Oct. 8-10	National Association of Bank Auditors and Comptrollers, Hotel Roosevelt, New York City
Oct. 12-14	Morris Plan Bankers Association, Absecon, New Jersey. <i>Cancelled because of war</i>
Oct. 26-28	Financial Advertisers Association, Edgewater Beach Hotel, Chicago

# Invisible Strength through Industrial Teamwork



## INSURANCE aids Industrial Teamwork

Itself an industrial power, Insurance re-invigorates industries weakened by unexpected mishaps. It sponsors inspection, and prevention; insurance reserve dollars widely invested in all industry become bone and muscle to the ramparts of production.

**S**TONG as they look, dams are subject to constant seepage that sets into motion the destructive forces of corrosion. But research undertaken by plastic and paint industries revealed that phenolic resin, added to paint, immeasurably strengthens surface resistance against water attacks. Thus, through Industrial Teamwork, engineering projects are safeguarded and the priceless advantage of power is kept intact. Insurance, the industry that protects other industries, works to keep Industrial Teamwork effective.

★ THE HOME ★  
*Insurance Company*  
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

# *Symbol of the Past?... or Beacon of the Future?*

It all depends on us — all of us, everywhere — men and women alike. On the home front as well as on our flaming battle lines. In factories and on farms, in mines and mills, in shops and stores and banks . . . every single one of us has a job to do. And only total effort can do the job in time. Only total effort can keep the torch of Liberty alight!

• • •

As bankers, our responsibilities are great. Our respective communities count on us to do our part all-out and unswerving. Not only by supplying credit needs, not only through familiar channels of financial service . . . but also by providing our full share of calm, constructive leadership in these critical times.



## First Wisconsin National Bank OF MILWAUKEE

*Wisconsin's Bank for Business*

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

JULY 1942



# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

# BANKS IN THE WAR

**"On the road ahead there lies  
hard work . . . "**

**—President Roosevelt**

PUBLISHED IN TWO SECTIONS—SECTION 2

Copyright 1942, American Bankers Association

The charts and statistical material in this section were prepared with the cooperation of the Economist's Office, American Bankers Association, from sources including the Federal Reserve Board, Department of Commerce, U. S. Treasury, FDIC, and the Bureau of Labor Statistics. Pictures: page 1, Charles Phelps Cushing; page 6, Press Association, Inc.; page 11, Harris & Ewing.

# THE JOB AHEAD



Main Street, Concord,  
Massachusetts

ON ITS Main Streets, Broadways and Maple Avenues, the United States has approximately 15,000 banks, serving 75,000,000 deposit accounts and the nation's business.

THE BANKING SYSTEM has many opportunities to serve in the war. One of its biggest jobs is to help the Government finance the war by lending to the Treasury and by selling War Savings Bonds to the people.

THE BANKS are, of course, making other contributions to victory. They lend to war industries, handle industrial payrolls, and provide a variety of well known services vital to the nation's wartime and essential civilian economy.

YET WE are not concerned here with the big job that banks have done but with the size of the task to be done, and the importance of every individual in the banking field giving a full measure of effort.

THE NATURE of the task may be visualized by looking carefully at the blueprint that BANKING publishes in the following pages. Here you will find charted the banks' victory assignment and a reminder, in President Roosevelt's words, that "On the road ahead there lies hard work."

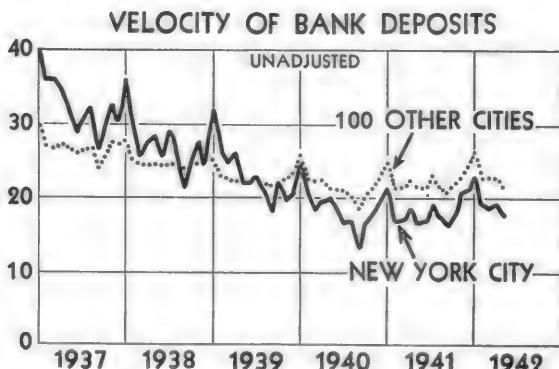
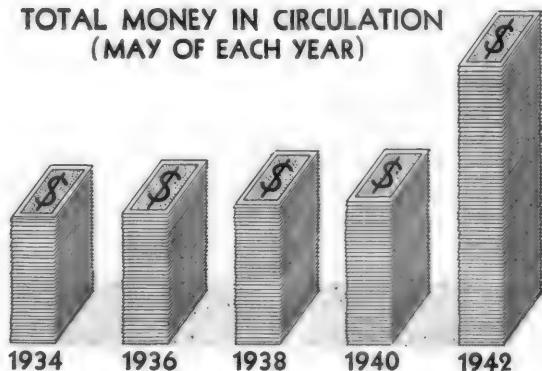
# EFFECT OF THE WAR



*Income payments are chiefly by the use of bank checks and currency. The sharp increase in the national income during the past two years serves as one indicator of the increased amount of work performed by banks. TREND—Some government authorities have suggested a gross national product of \$150 billion for 1943*

*It is estimated that in normal times all the currency in the United States passes through the banks twice a year. More currency in the hands of the public means more work for the banks. TREND—It seems reasonable to expect that money outside the banks will continue to increase at the rate of more than \$2½ billion per year*

**TOTAL MONEY IN CIRCULATION  
(MAY OF EACH YEAR)**



*The amount of deposits and the rate of turnover increase in wartime, reflecting increased work being performed by the banks. TREND—The velocity figure being the ratio between debits and deposits, is still failing to show a rise because of the tremendous increase in volume of deposits*

# ON BANK ACTIVITY

## A Common Experience

★ ★ A survey conducted by BANKING revealed the extent of the increase in bank activity as a result of the war. Here are excerpts from a few of the letters written by bankers in answer to the questions:

We have about double the volume of commercial activity, window work and checking accounts.

The activity in the bookkeeping department and with our paying and receiving tellers has increased about 50 per cent.

A large shipyard and other defense industries have resulted in an increase of approximately 30 per cent in the volume handled by our commercial tellers and bookkeepers.

During the past year the volume in our bookkeeping department has increased 45 per cent and over-the-counter work in our commercial department 24 per cent.

We feel that our activity has not yet reached its peak, and look for an increased volume of work.

*Continued ...*

# WAR'S EFFECT — *Continued*

Our teller and bookkeeping departments have had the greatest volume increase due to the substantial rise in the number of payroll checks issued by war industries and to increasing sales of War Savings Bonds.

Our commercial department's activity has increased about 30 per cent.

We have had a general increase in volume activity due to the war. The largest rise is probably in handling payroll checks for war factories.

The major expansion in activity in our bank has been in payroll accounts. Our payrolls for the city in 1940 were \$36.5 million. They are running at an indicated total of \$65 million for 1942.

Due to the location of Camp "X" at our city, we have experienced a greatly increased activity for the past year and a half.

We handle a large number of accounts, old and new, that have government contracts requiring large weekly payrolls. Some of these use as many as 4,000 checks each month.

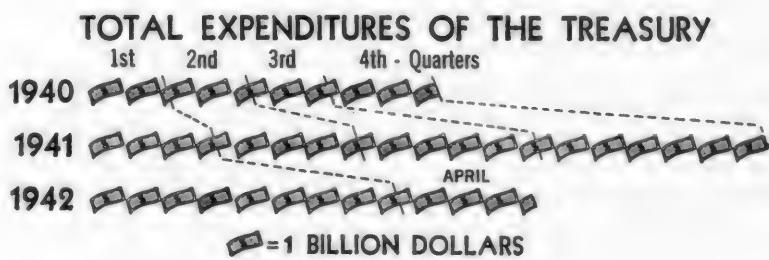
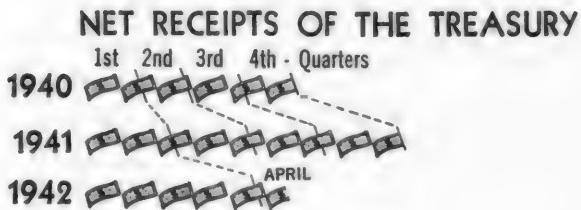
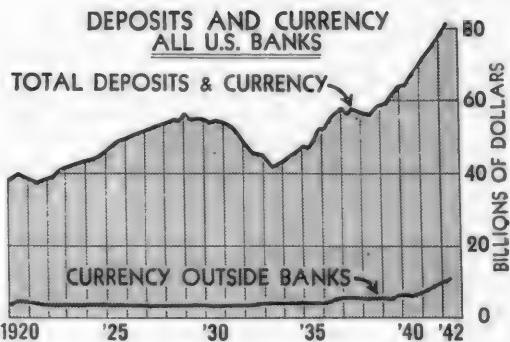
# WAR'S EFFECT

—Continued

*Public buying power may be bank deposits or currency. TREND—Deposits and currency will be very sharply increased as commercial banks purchase large amounts of government securities*

*Most payments of taxes and cash are made to the Treasury by checks which must all be handled by the commercial banks on which they are drawn. TREND—The budget calls for total receipts of \$25 billion (assuming higher tax rates) in the fiscal year 1943 compared with a \$14 billion in 1942*

*As disbursements for war purposes increase, the number of items handled by banks increases faster, since contractors and others draw their own checks in payment for wages, materials, etc. TREND — The budget calls for expenditures of \$73 billion for the fiscal year 1943, compared with \$33 billion for 1942.*



*Persons, companies, and the Government make payments and withdraw currency by drawing checks against their bank deposits. The larger the amount of bank debits, the greater number of checks to be handled, as a general rule. TREND—Bank debits may be expected to increase substantially as a reflection of increased business activity*

# THE SHORTAGE OF MEN,



*"We are going to have enough materials to meet our war goals, but we aren't going to have much left for civilian goods. . . . We are making tanks instead of autos, guns instead of electric refrigerators."* — Donald M. Nelson, chairman, War Production Board

Donald M.  
Nelson

## Equipment and Supplies

Financial institutions, like a long list of other businesses, will have to carry on during the war with progressively less equipment and manpower and, often, with heavier demands on them for services to the public and to the Government. For the remainder of the war there will be practically no new office machinery for banks or other financial institutions, such stockpile as exists or is still being manufactured being reserved mainly for the needs of the Army, Navy, Maritime Commission and a few defense plants. An exception is made, however, in the case of special-purpose equipment on hand, or being manufactured temporarily.

WPB's order L-54-c of June 1 sharply curtailed the manufacture of various types of office machinery and set up a system of distribution control so that "only essential users" may obtain the machines available. The order is designed to regulate production until the end of the year so that a sufficient stockpile of essential types of machinery will be built up to take care of all

war-related requirements until June 30, 1944. Production quotas fixed for various types of machinery are based on a survey of estimated minimum requirements of Government and essential civilian users. Included in the order's scope are many types of familiar office equipment, including cash registers, change making, coin handling, check handling and envelope handling machinery and autographic registers.

Order L-54-c permits manufacturers to make unrestricted deliveries of machines not suitable to the war program, provided they agree to stop production within 60 days of the model or type involved. They must notify WPB of their intention to take advantage of this provision, must specify the types of machinery they wish to deliver and must sign a statement agreeing to stop production of these types within the specified time. Unless the Director of Industry Operation notifies these manufacturers to the contrary, they may proceed with deliveries of the types of machinery involved ten days after mailing their notification to WPB.

Any bank equipment made of steel or brass is going to be impossible to replace, as time passes. Manufacture of Recordak machines is restricted by order L-54-c. Recordaks use metal and lenses which are in great demand in this war. On the other hand, British experience shows

# MATERIALS AND MACHINES

*"To win the war we must have more than 20 million workers engaged in direct military production in 1944, and . . . we must vastly increase the number of those engaged . . . long before then."—War Manpower Commission, of which Paul V. McNutt is chairman*

the value of having duplicate bank records in more than one place.

While in general new machines and equipment will not be available for banks, it is expected that ample repair parts will be obtainable. WPB has been suggesting to priorities applicants in the field that, where feasible, equipment be pooled.

## Manpower

The magnitude of the war's manpower demands on the United States for fighting as well as for producing and delivering the goods cannot be adequately portrayed statistically.

Our combined labor and armed forces total about 55,000,000 persons, more than 2,000,000 of whom are already in uniform. As the war goes on, the latter figure will be doubled and even tripled. It is expected to reach 4,500,000 by the end of 1942. Essential farm work occupies 9,500,000, while about 3,000,000 were on June 1 unemployed, mostly as a result of temporary war dislocations.

As it becomes necessary, the labor force will be supplemented by drawing on men below draft age and women without small children.



Paul V.  
McNutt

At the end of 1941 only 7,000,000 were at work in factories producing war materials. By April 1 there were about 9,000,000 so employed. By November this must be raised to 15,000,000, and by January 1, 1943, to 17,000,000.

During 1942 alone, according to the War Manpower Commission, we shall need another 10,000,000 war workers as well as the personnel for an expanded Army and Navy. The sources of the expected 11,300,000 to 12,400,000 of new war workers and fighters are given as follows:—

Source of Manpower	Number
Civilian goods industries	7 to 9 million
Farms .....	400,000 to 600,000
Self-employed .....	400,000
Unemployed .....	1,500,000
Housewives, youths, older persons, and others not listed as part of the regular labor force .....	2,000,000

# WAR FINANCE:

Aside from its direct financing of the war industries the banking system has been the major factor in the indirect financing of the war effort through its huge loans to the Government.

In the fiscal year ended June 30, 1941, government revenues fell short of expenditures by \$5,575,000,000. The sale of special issues to private investors, insurance companies and savings banks provided about \$2,021,000,000 of this deficiency. The remaining \$3,554,000,000 (63 per cent) was provided by the commercial

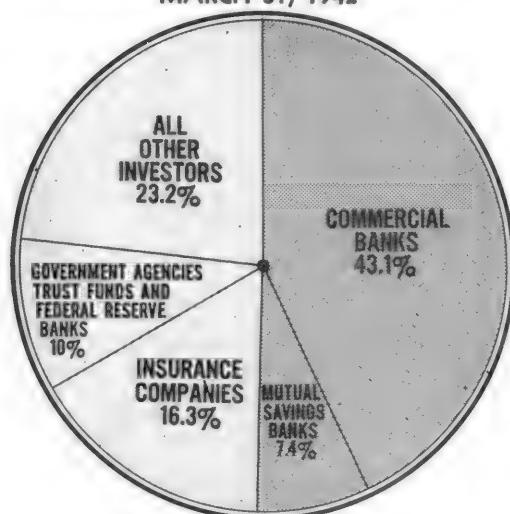
banks through subscriptions to government loans.

In the fiscal year 1942—the second year of the defense-war effort—public financing by the Government totaled about \$20 billion. Despite a big increase in the sale of War Savings Bonds the commercial banks furnished \$6½ billion in loans.

Next year, even assuming that the sale of War Savings Bonds reached the goal of \$1 billion a month set by the Treasury, the commercial banks will be called upon to absorb the prodigious total of almost \$30 billion of government paper.

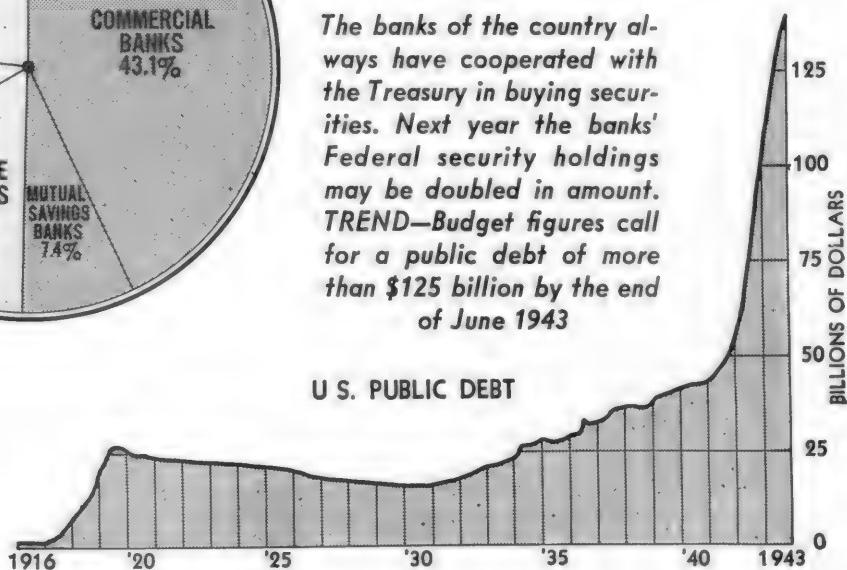
In other words, on the basis of present trends, the commercial banks will be asked to subscribe

PERCENTAGE DISTRIBUTION  
OF PUBLIC MARKETABLE  
INTEREST BEARING SECURITIES  
MARCH 31, 1942



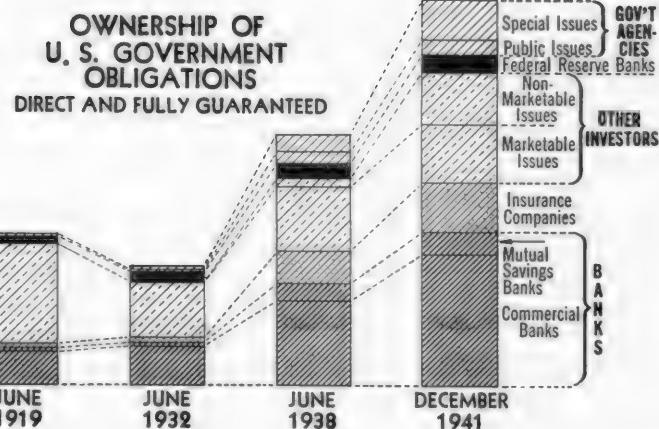
*The banks of the country always have cooperated with the Treasury in buying securities. Next year the banks' Federal security holdings may be doubled in amount. TREND—Budget figures call for a public debt of more than \$125 billion by the end of June 1943*

U.S. PUBLIC DEBT



# THE TREASURY

*More than half the privately held U. S. debt is owned by the banks, and more than half of the total debt is held by banks and insurance companies. TREND — At least half of the Federal debt issued during 1943 probably will be held by the banks*



to upward of \$36 billion of government securities over the two years, 1942-1943. This would represent more than half the total increase in the publicly held debt over the period and would considerably more than double the banks' holdings of government paper, holdings which now stand at about \$25 billion.

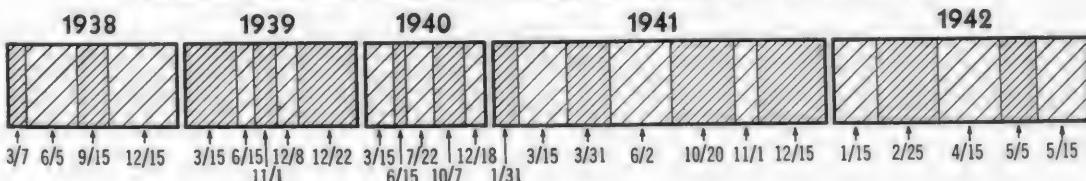
Reduced to a monthly basis, the problem that the banks face in the coming months—the biggest problem ever to confront them — may be stated in thumb-nail fashion as follows:

Total to be raised by the Treasury each month through public financing..	\$4,000,000,000
Estimated sales of War Bonds during 1943 by months.....	1,000,000,000 (25%)
Estimated sales of special issues to insurance companies, savings banks and corporations .....	500,000,000 (12%)
Total sales to non-commercial banks, institutions, corporations and individuals.....	1,500,000,000 (37½%)
Leaving, to be financed each month by the commercial banks .....	\$2,500,000,000 (62½%)

*Distribution of U. S. securities to the public is largely through the banks. Except for dealers, public orders are placed through, and payment is guaranteed by banks. TREND—Treas-*

*ury requirements for cash will break all records. A substantial supply of bills and short-term issues, which require frequent issue and redemption, has been promised*

## VOLUME OF NEW SECURITY ISSUES OF FEDERAL GOVERNMENT



# WAR FINANCE:

Bank purchases of government bonds since the outbreak of the war in 1939 have served another purpose in addition to expediting defense and war financing. To the extent that such purchases have been carried out in the open market they have tended to support bond prices and hence the Government's general credit position.

The banks usually purchase government bonds "against the trend" of the market, or when it shows a tendency to decline. Thus they provide a stabilizing influence even in normal times. But their most conspicuous contributions in this field have come during periods of market crisis. For example:

The government bond market came under severe pressure in September 1939. But in the

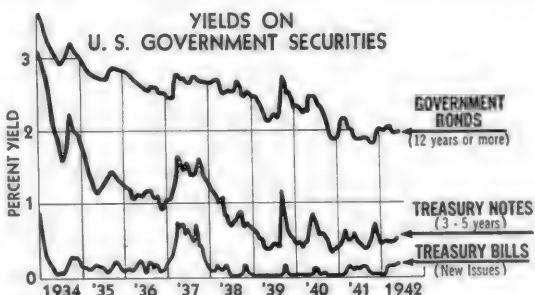
critical weeks from September 1 to November 30 the banks, instead of joining in the selling of governments, bought them.

The next crisis came in May and June, 1940. Again, between the end of April and the end of July the member banks as a whole bought \$473,000,000 in government securities.

Came Pearl Harbor and it was the same story. In the three months period beginning with December and ending with February the member banks added no less than \$1,120,000,000 to their holdings of governments.

The banks have also played a part in the sale of special issues brought out by the Treasury, such as the recent "tap" issue and the issue of certificates of indebtedness. These issues were

*Interest rates on the Federal debt have been steadily declining over the past 12 years, and are now only about half of the rates effective in 1930. TREND—Interest rates probably will be stabilized at present levels*



MATURITIES OF GOVERNMENT SECURITIES HELD BY ALL INSURED COMMERCIAL BANKS AS OF DEC. 31, 1941

DIRECT U. S. GOVERNMENT SECURITIES	BILLS	NOTES	5 YRS.	5 TO 10 YRS.	10 TO 20 YRS.	A FTER 20 YRS.
GOVERNMENT CORPORATIONS & AGENCIES SECURITIES			3 YRS. OR LESS			A FTER 3 YRS.

*The liquidity of the Nation's banking system is reflected in part by the length of maturities of its investments. Short-term securities are less subject to the risk of price change than longer term assets. TREND—Undoubtedly the Treasury will supply the banks with maturities suitable to their needs*

# THE TREASURY

—Continued



This is the only spot in the United States Treasury building at Washington where you'll find a sign identifying the building. It appears above the entrance to the cashier's room opening from the North lobby.

not brought out so much for bank investment as for investment by corporations and others (the "tap" issue could not be purchased by commercial banks). But the commercial banks collaborated with the investment banking community in pushing the sale of these obligations, by advertisement and by telephone contacts, to their clients and friends, as part of the general program of encouraging the investment of savings in government issues.

Just as shipbuilders and motor makers have been recruited by the Government to build the

implements of war, so has the Treasury brought into a huddle men from the world of finance who know all the patterns and intricacies of finance.

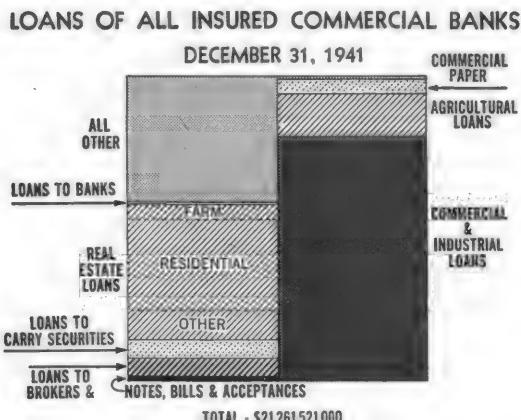
So-called "Victory Fund Committees" are being organized in each of the 12 Federal Reserve districts. These committees, which will be linked with the Treasury through the Reserve banks and the Reserve Board, will do more than simply assist in the distribution of new securities. They will assume the equally important role of advising the Treasury on the types of issues most suitable at the present time.

# WAR FINANCE:

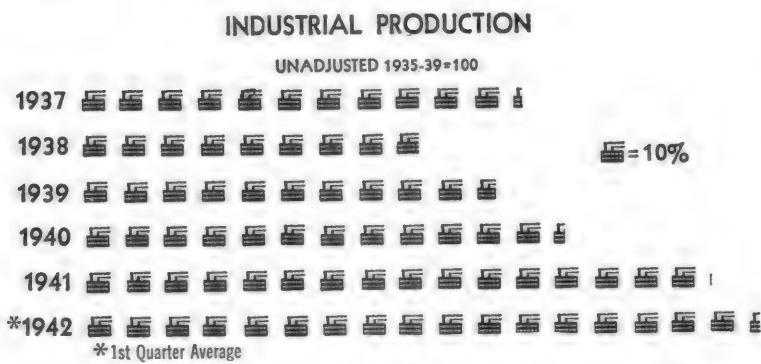
The financing of war industries has been carried out through various agencies and by means of various formulae. These may be summarized as follows: (1) Ordinary commercial and industrial bank loans; (2) loans by the Federal Reserve banks under the so-called Regulation "S" of June 19, 1934; (3) direct loans by the Reconstruction Finance Corporation; (4) special financing setups growing out of the needs, first, of national defense, and later of the war effort.

On March 26, 1942, the President issued an Executive Order authorizing the War and Navy and the Maritime Commission to enter into contracts with any financial institution guaranteeing them against loss of principal and interest on

loans, discounts and commitments for the purpose of financing any contractor, subcontractor or other engaged in any business or operation deemed "necessary, appropriate or convenient for the prosecution of the war." The machinery for effectuating this program is contained in Regulation "V" issued by the Federal Reserve Board on April 6. The three procurement agencies are authorized to guarantee commercial banks, Federal Reserve banks or the RFC against loss on loans to finance the performance of war orders. The Board points out that "peace-time credit rules or standards must not be permitted to hold up the production of war supplies needed by the armed forces." These loans can



*Commercial and industrial loans are of greatest importance and are likely to increase during wartime while other classifications may be expected to decrease as building is reduced, private and non-Federal security flotations are restricted, and consumer credit is curtailed. TREND—Although the whole bank lending machinery has been converted to war purposes, there should be little net change in total loans during the next year*



*An increased volume of physical production normally requires more loans, and more payroll checks. At the same time, when prices increase substantially, the number of items handled by banks goes up sharply. TREND—A large increase in our production is expected for 1943*

# FACTORY PRODUCTION

be, and have been, guaranteed up to 100 per cent; but the Government did not contemplate, and does not favor such guarantees. A schedule of guarantee fees has been worked out, so that the bank's rate of return varies with the percentage of the loan that he has guaranteed.

A.B.A. quarterly surveys show a constantly rising volume of war production loans.

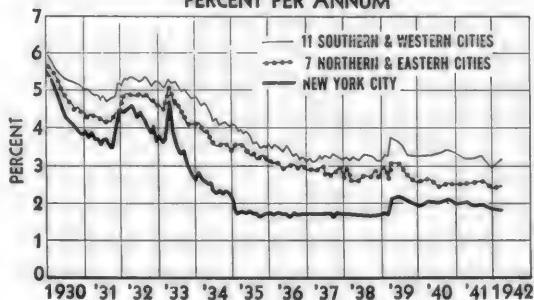
*As factory payrolls increase, more checks are drawn on the banks. If currency is withdrawn the banks' work in preparing the payrolls also increases. TREND — Increased employment and rising wages will increase total factory payrolls*

The banks have become "family counselors" to industrial clients in connection with defense orders and subcontracts. In other words, they are not only a source of funds, but a community source of information on such matters as amortization of plant, assignment of claims on government contracts, priorities procedure, etc.



## INTEREST RATES CHARGED CUSTOMERS BY BANKS

PERCENT PER ANNUM

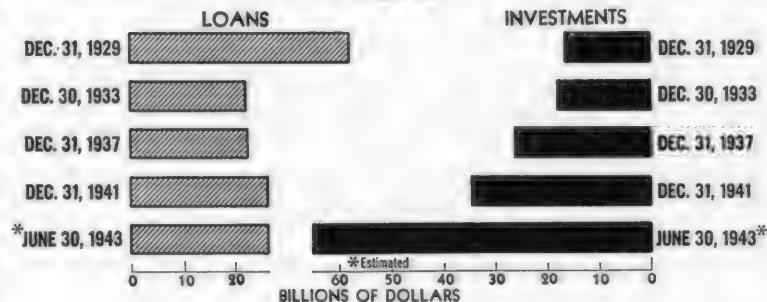


*Interest rates to customers of banks have been reduced along with the reduction of interest rates to the Government. TREND — No further reduction in interest rates is in sight*

*The trend of bank loans and investment indicates to what extent the banking system is financing the Government, war production, and the food supply. TREND — The large amount of U. S. securities which will have to be purchased by the banks promises almost to double total loans and investments in the next two years*

## LOANS AND INVESTMENTS OF ALL U.S. BANKS

BY CALL DATE



# WAR FINANCE:

## *Assignment*

A company training pilots for the Civil Aeronautics Administration needed capital. Fees were paid on account when students completed a certain number of training hours, and the balance at end of training.

Contract was assigned under Assignment of Claims Act, enabling the company to borrow money upon a showing of the number of hours performed and earnings thereunder. A government inspector on the ground certified company figures. Payments by the Government went directly to the bank and were credited to the indebtedness.

## *A Priorities Problem*

An advertising specialties concern, after reorganization under 77B, converted its plant, on an assembly line basis, to manufacture flashlights. When it became apparent that priorities would affect specialties, this concern converted its plant to the manufacture of incendiary bombs, its first contract being for 400,000, with subsequent repeat orders.

Its bank advances up to \$500,000 on assignment from the Government.

## *Warehoused Food*

A poultry, egg and fruit buying partnership obtained the necessary priorities to establish an egg drying plant, and a corporation was formed. Plant and machinery cost \$60,000, crippling working capital.

Its bank agreed to lend up to \$250,000 on dry egg powder under field warehouse receipts with a margin of from 10 to 15 per cent of the contract price.

To retain lien rights, after ingredients were

inspected, approved and loaded in cars, the bank arranged for assignment of monies from the FSCC.

Bank loan, averaging about \$250,000, now runs about one-half on assigned government accounts and the remainder on dry egg powder.

## *Small But Vital*

A trucking concern engaged in moving the furnishings of Army and Navy officers and FBI employees was unable to obtain payment in less than 90 days and needed funds to meet payrolls.

The average job ran from \$300 to \$600. The bank advanced 80 per cent of the amounts due as each job was completed. Loans total \$5,000.

## *Participation by RFC*

An iron fabricating concern obtained a contract from the Army to manufacture air plane landing mats. Contract amounted to \$300,000—many times the company's previous annual volume—and necessitated paying out more than half of the contract price for raw materials.

The bank participated with the RFC in a \$60,000 loan.

## *Field Warehoused Lead and Tin*

A lead and tin products manufacturer had its business stepped up from \$150,000 to \$600,000 a year by war orders. It had insufficient capital.

Its bank, with a field warehousing concern, set up a plan to purchase lead and tin. The bank consented to substitute trust receipts for the warehouse receipts, thereby permitting the company to withdraw raw materials.

The bank is now lending this concern about \$36,000.

# A FEW EXAMPLES

## *Field Warehousing Lumber*

A man with a tract of hardwood timber obtained his bank's legal limit to cover the cutting and sawing of hardwood for the Navy. He needed additional funds to take care of payrolls and to carry the wood while drying. The bank set up a field warehousing unit and was then able to give him \$20,000 additional, making it possible to increase production.

## *Speed Under Regulation V*

A bank applied to its Federal Reserve bank for a 90 per cent guaranty on a proposed loan of approximately \$3,000,000 for a munitions contractor. The Federal Reserve bank submitted the application to the Reserve Board in Washington. The Board presented it for consideration by the armed service having the larger interest. Two days later, that armed service authorized the Federal Reserve bank to execute the guaranty, and within eight days of the initiation of negotiations the funds were disbursed by the local bank to the borrower.

## *If at First . . .*

A manufacturer of aircraft parts required a building to house machine tools. Use of his own funds would impair his working capital. His application for a defense plant contract failed to get approval of the Air Corps. The Federal Reserve was reluctant to approve a Regulation V guaranteed loan.

The WPB Bureau of Finance suggested that the company erect the building out of its funds and apply thereafter for a guaranteed loan to replace the working capital so used. This arrangement was approved, with the bank participating to the extent of 25 per cent.

## *A Subcontracting Question*

A customer came to a bank to see if it would finance a supplier who was making parts without contract. The bank wanted to help its customer, but could not loan the supplier on its statement, and its customer was unwilling to guarantee the loan. Tangible assets were insufficient to collateralize the loan; receivables were turning so rapidly that a loan was inadvisable.



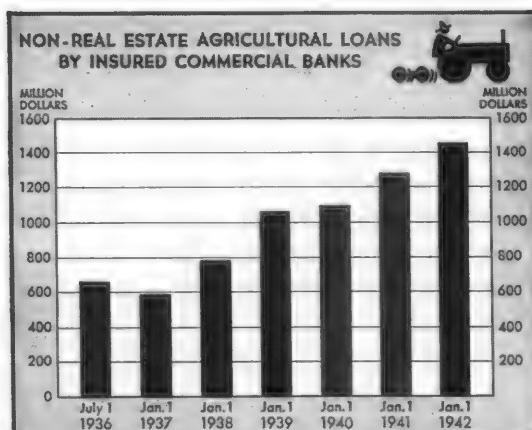
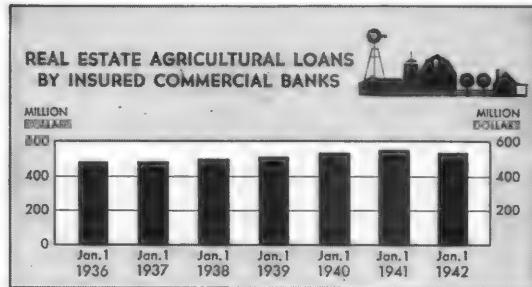
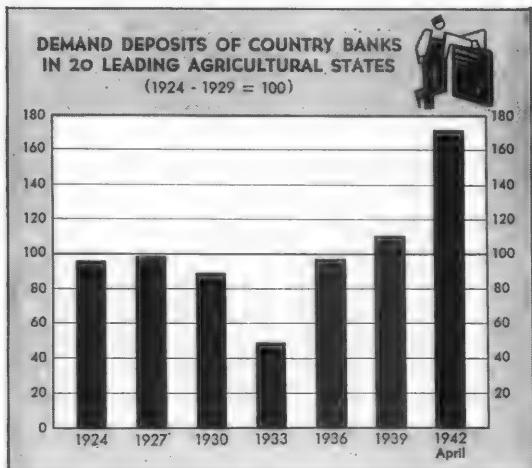
Finally the bank proposed to its customer that he agree not to cancel his orders to the supplier without paying off the loan and that the supplier agree to use the bank funds only to finance this customer's orders and to give the bank a statement of the status of the orders. The bank advanced up to \$50,000, which was repaid 20 per cent from the proceeds of each shipment.

Additional advance was made on a similar basis and loans were entirely repaid. The bank is now financing against accounts receivable.

## *Small Regulation V Loan*

A small company required \$15,000 working capital and \$5,000 for new machinery. The bank agreed to provide funds for working capital but could not finance the equipment. A loan was made under Regulation V, with 25 per cent participation by the local bank. The Company was able to double its productive capacity.

# FINANCING FOOD PRODUCTION



The Food-for-Freedom program of the United States Department of Agriculture is being actively supported by thousands of banks. This effort of the Government on behalf of increased food production finds the banks offering their credit services for financing the expanded goals of the country's agriculture.

Banks have organized and participated in about 2,000 town, county and state Food-for-Freedom meetings, emphasizing to farmers the gigantic task confronting them, and giving assistance in planning sound, constructive credit programs to help meet the need.

#### TOP

*Demand deposits of country banks have increased sharply since 1938, reflecting increased farm prices and larger farm income. TREND—Increasing farm income should be reflected in still larger bank deposits in agricultural areas*

#### MIDDLE

*Bank real estate loans on farm lands have steadily increased in most recent years. TREND—Rising farm prices, farm income, and rising land values can support an increased extension of credit to farm operators*

#### BOTTOM:

*Banks' agricultural loans other than those on farm land have more than doubled since 1936. On January 1, 1942, insured commercial banks held more than two-thirds of all non-real estate agricultural credit extended by banks and government agencies. Banks have fully co-operated to finance food-for-freedom. TREND—Substantial increases of credit will be required of banks to finance war and post-war food requirements*

# WAR SERVICES

As a citizen the banker is taking a leading part in such community activities as the local Red Cross, the U.S.O. and civilian defense.

No group can do more than the bankers to fight inflation. Because they understand the problem better than most persons, they have been leaders in the education of the public as to the dangers that are inherent in such a threat. In public addresses and in advertising campaigns they have carried their message to the people in countless different ways. This program of education has been backed up, moreover, by such practical activities as the selling of war savings bonds, on the one hand, and the rationing of consumer credit, on the other.

In December 1940 the American Bankers Association set up a National Defense Loans

Committee with members in all parts of the country. The purpose was to stimulate the lending activities of banks for war production purposes and to facilitate war credit in every possible way. After Pearl Harbor the name of this group was changed to the National War Loans Committee.

Two informative booklets have been forthcoming from this committee, the first one covering the early phases of war loan problems. It was published in December 1940. The second has just been issued and deals primarily with guaranteed loans under Regulation V.

In March the Economic Policy Commission, American Bankers Association, issued a succinct outline of the duties of "The Banker in Wartime." The document focused banks' attention on the tremendous job in hand.

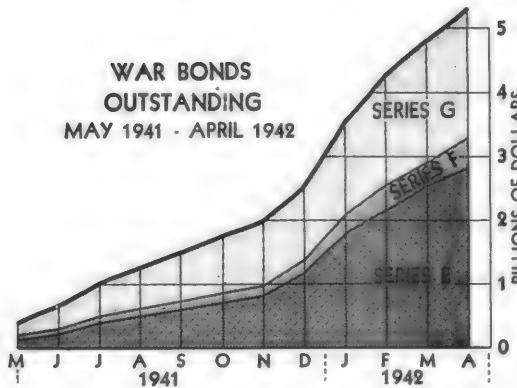
This bank advertisement is a convenient indicator of bankers' participation in war services

## VICTORY Efforts by Our Directors and Staff Include the Following Services and Activities:

- ★ 8 employees serving in the armed forces:  
Robert Sorensen      Eddie McLaughlin  
Owen Oslund      Robert O'Brien  
Robert Hedges      Ernest Yonick  
Harvey Weitz      Gordon Murphrey
- ★ 2 employees have husbands serving in the armed forces.
- ★ 100% of employees (31) on Payroll Allotment plan for purchase of War Savings Bonds.
- ★ 3 employees spending a good portion of their time selling War Bonds.
- ★ 8 employees selling War Savings Stamps.
- ★ 1 State Chairman, War Savings Staff.
- ★ 1 member Wyoming War Savings Staff.
- ★ 1 member Laramie County War Savings Staff.
- ★ 1 State Chairman Bankers Defense Loan Committee.
- ★ 1 member State Radio Committee—War Savings Bonds.
- ★ 2 members American Legion Committee—War Savings Bonds.
- ★ 1 member Radio Blue Network Stations National Planning and Advisory Committee.
- ★ 1 member State Executive Committee—United China Relief.
- ★ 1 member Chairman Civilian Defense Council for Cheyenne.

- ★ 1 member Chamber of Commerce Military Affairs Committee.
- ★ 1 member Chamber of Commerce Emergency Housing Committee.
- ★ 2 members Chamber of Commerce Special Airport Committee.
- ★ 2 members Cheyenne City Water Planning Board.
- ★ 1 member Finance Committee Red Cross.
- ★ 1 member American Legion Scrap Iron Committee.
- ★ 1 member American Legion Special Committee serving draftees.
- ★ 2 members Air Raid Wardens.
- ★ 1 member Auxiliary Police Force.
- ★ 7 USO hostesses and workers.
- ★ 1 worker Navy Mother's Club.
- ★ 1 member Junior Chamber of Commerce Americanism Committee.
- ★ Loans arranged and made from Jan. 1, 1941 to Dec. 7, 1941 for the purpose of supporting the Defense Program in excess of ..... \$890,000.00
- ★ Loans arranged and made "since Pearl Harbor" for the purpose of supporting our war effort in excess of ..... \$398,000.00
- ★ Total Defense and War Bonds sold to the public (no remuneration therefrom) ..... \$1,070,050.00

# WAR SAVINGS BONDS



Eighty-five per cent of the \$5,000,000,000 in War Savings Bonds sold to the public have been sold through the nation's banks without compensation.

President Henry W. Koeneke of the American Bankers Association has said that the sale of War Bonds was one of the most vital war services banks can perform.

"If our institutions were to do nothing more than to help the Government syphon off the en-

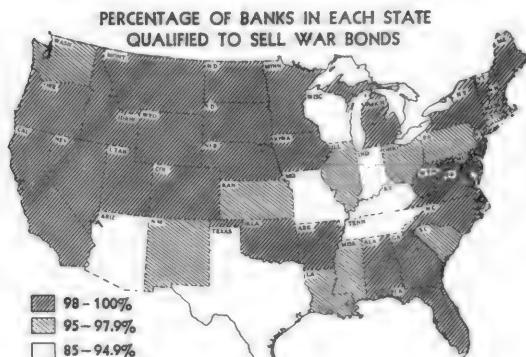
larged purchasing power of the people in this time of diminishing supply of goods by selling large quantities of War Savings Bonds to the public, they would still have performed one of the outstanding services of the war," Mr. Koeneke added.

A measure of the bank's contribution to the War Bond program is to be had in the statistics of agents qualified to issue Series E savings bonds. On June 6, 1942, apart from 18,753 post offices, there were in the country 22,426 qualified issuing agents. Of these, banks numbered 14,459. Of the remainder, 2,018 were "other corporations."

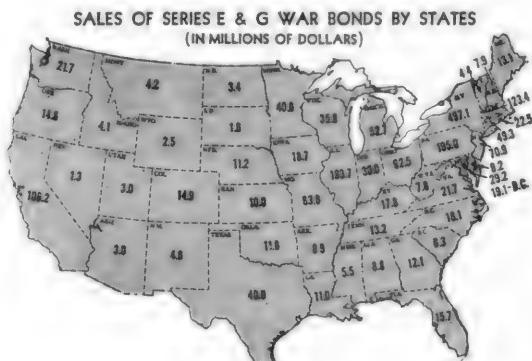
In some Federal Reserve districts the proportion of banks to other qualified issuing agents was even larger than the above statistics for the country as a whole.

The part played by banks in getting the war savings program launched should not be overlooked. In the beginning, banks were almost the

*Nearly all banks in the United States are now selling War Bonds to the public. TREND—It is a reasonable expectation that all banks will qualify to sell War Bonds*



*The geographical distribution of bond sales is indicated on this map. TREND—There should be a substantial increase in sales each month, in all states of the Union*



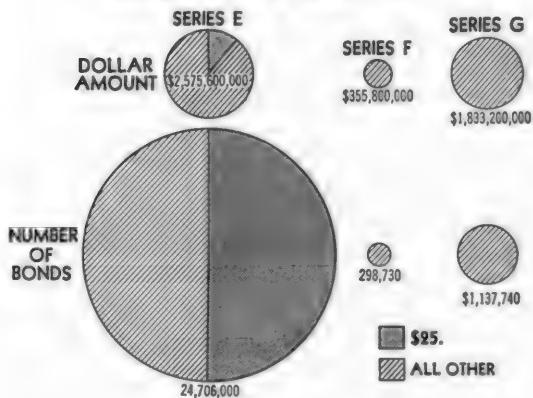
# WAR SAVINGS BONDS —Continued

sole private issuing agents for the Series E bonds. In May 1941, outside of post offices, there were 8,430 issuing agents, of which 7,676 were banks.

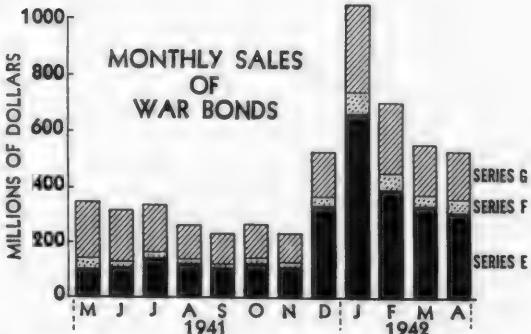
Because of the fact that banks handle thousands of payrolls, they occupy a very important position in the development of the payroll savings plan for the purchase of War Savings Bonds.

In some cases where banks are handling these plans for corporations, they issue the bonds to the companies just as the Federal Reserve bank would do. In other cases, the bank sends the bonds by registered mail to the individual owners.

**SALES OF WAR BONDS**  
TOTAL - MAY 1941 MARCH 1942



*Individuals only are permitted to hold Series E Bonds while other types of purchasers may hold bonds of Series F and G. TREND—It is most desirable to have purchases made by individuals, out of current income*



*Banks not only receive no compensation for selling War Bonds to the public, but absorb substantial direct expenses in carrying out the procedural requirements of the Treasury. TREND—The sales campaign started in June should stimulate regular purchases of securities by the general public*

*The largest number of transactions is in small denomination bonds. It requires about as much work for the bank staff to account for and report the sale of the smallest bond as to sell one of high denomination. TREND — Small denomination War Bonds should constitute the great bulk of future sales of securities*



# WAR SAVINGS BONDS

—Continued

Statistics compiled from reports by the War Savings Staff's state administrators show that on May 30, 18,169 firms employing 100 to 499 persons had payroll savings plans. This was 67 per cent of the total number of companies. Of the larger employers (500 employees or more) 5,243, or 80 per cent, had plans in operation.

Displays in bank windows and lobbies have been widely used as a means of promoting United States War Savings Bonds and Stamps. In friendly rivalry, banking institutions throughout the country have devised an enormous variety of these exhibits to help sell Uncle Sam's securities.

Several hundred banks have found effective the type of display sponsored by war production plants, such as the Lockheed Aircraft Cor-

poration exhibit pictured on this page. Built by leading companies engaged in war work, such exhibits represent a cooperative effort by banking and industry to stimulate voluntary public purchases of bonds and stamps.

In selling War Savings Bonds on a large scale banks entered new territory and encountered new problems. One of them is that of selling costs which are, of course, borne by the banks.

The salary items alone for individuals engaged in selling bonds range as high as \$45,000 a year in a single institution. One bank is spending \$40,000 on advertising and promotion.

Selling costs per \$100 of War Bond maturity value range between 25 and 61 cents per bond, reflecting the extensive operations of banks on behalf of the bond-selling program.

Bank lobby display



# OTHER SERVICES



The handling of various phases of payroll operations for the Army, Navy and war production plants is a vitally important way in which banks are able to serve the national effort.

Whether by the actual delivery and distribution of cash, the handling of payroll checks, the assignment of dollars to help firms on paydays or taking over the whole record keeping and management of the payroll problem, banks can do this key job efficiently and contribute to speeding war production and morale generally.

In addition to financing war housing projects banks have taken an active part in promoting the modernization of old properties for the accommodation of war workers.

Through the wider use of warehouse receipts financed by banks the latter have been greatly instrumental in helping producers to increase their production.

Through financing coal purchases the banks have cooperated energetically with the Government's efforts to get next Winter's coal delivered as early as possible.

Banks are working with the Office of Price Administration in connection with the registration of houses, apartments and other dwellings in defense rental areas for the purpose of bringing the rents under Federal jurisdiction. The registration forms have been placed in the hands of the banks for distribution.

It is estimated that banks have financed through FHA mortgage loans about four hundred million dollars worth of war housing in the past year.

A rapidly increasing number of men leaving for the armed forces of the country are entrusting financial affairs and care of dependents to trust institutions. Likewise, a steadily growing number of men who are now acting as executors and trustees of estates, are entering the armed forces or government work and are turning to trust institutions to assume these responsibilities for the duration.

A war period accentuates the uncertainties of human life and brings into sharper focus the permanency of the corporate fiduciary.

# OTHER SERVICES

—Continued

The banks have been cooperating closely with the Treasury's Foreign Funds Control to prevent leakage of American assets into Axis hands. Treasury officials have been emphatic in their recognition of the valuable assistance in this matter received from banks.

Banks have been affected by the control of consumer credit under the Federal Reserve Board's Regulation W and its three subsequent amendments.

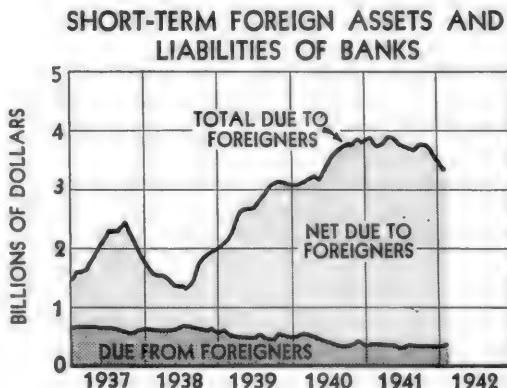
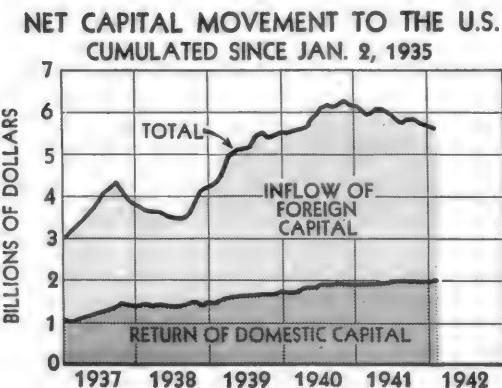
Many banks have been rendering valuable

assistance by explaining Regulation W to their retailer customers.

Banks have been affected in regard to the business of discounting paper for automobile, washing machine and other retailers, whose business has been curtailed because of the war.

Banks are being asked to report from time to time as to the amounts of single-payment personal loans on their books. Similar efforts to bring about amortization of other kinds of bank loans also are indicated.

*Foreign funds here and funds of Americans living abroad are subject to control to prevent their use to aid the enemy. The magnitude of the problems facing the banks in freezing assets of aliens is indicated by the growth of foreign funds here since 1934. TREND—The movement of funds to the United States is now well controlled at both terminals*



PERSONAL & RETAIL INSTALMENT PAPER HELD BY  
INSURED COMMERCIAL BANKS

Date	RETAIL INSTALMENT PAPER PURCHASED	DIRECT LOANS	PERSONAL INSTALMENT CASH LOANS	REPAIR & MODERNIZATION	FHA TITLE I LOANS	Total (in millions of dollars)
DEC. 31, 1940	519	257	417	275	0	1256
JUNE 30, 1941	675	358	455	278	0	1536
DEC. 31, 1941	673	336	447	269	0	1485

IN MILLIONS OF DOLLARS

Banks also aid war production by making loans to facilitate personal financial adjustments. TREND—The amount of all consumer credit outstanding should be reduced substantially

# OTHER SERVICES — *Continued*

Banks have met the demand for increased war services at camps by furnishing payroll cash for all Army and Navy posts outside of cities where there is a Federal Reserve bank or branch. About 300 posts have been so serviced for all payroll requirements.

Numerous requests have been directed to the Treasury to authorize the establishment of banking facilities within Army and Navy reservations.

Recently it was decided that the Secretary of the Treasury authorize banks designated as depositories and financial agents of the Treasury, to provide for Army and Navy personnel within the limits of military and naval reservations the following facilities:

1. Provide paying and receiving facilities for Army personnel, including custody of post exchange funds, company funds, and other similar unit funds;
2. Furnish cash to finance officers for payroll and other purposes;
3. Accept deposits from finance officers for credit to the account of the Treasurer of the United States;
4. Sell War Savings Bonds and Stamps;



5. Sell cashier's checks and bank money orders.  
(All of the foregoing services to be rendered without charge to the Army personnel except for the sale of cashier's checks and bank money orders.)

*Nearly all subscriptions for Tax Anticipation Notes are entered through the banks, which receive no compensation for this service. TREND — The largest number of sales is in small denomination notes which are redeemed within one year*

## SALES OF TAX SERIES NOTES TOTAL OF AUGUST 1941 TO APRIL 1942

### DOLLAR VOLUME

SERIES A \$61,800,000

SERIES B \$3,278,900,000

### NUMBER OF NOTES HANDLED

SERIES A 716,500

SERIES B 262,275

# YOUR PART

THE TROUBLE with most charts is that they look toward the past.

WHAT concerns us right now is the future and there's no graph paper tall enough to contain the curves of our future war production.

FROM the preceding pages and their limited glimpse of "Banks In the War" there is only one conclusion: the real job is just starting, the miracle of American productive capacity has barely begun.

20's 30's 40's

IN THE 20's we all remember those delegations of industrial leaders who came to the United States from Europe, Asia and South America to study our mass production, our machinery, our financial system and distribution methods.

IN THE 30's, while we had our hands full of depression difficulties and were indulging in a lot of self-criticism, the Axis boys with might and main were applying the wisdom of this mechanical age to the business of war.

NOW, in the 40's, we are resuming, literally with a vengeance, the industrial game that we know so well how to play. With America's genius for large scale production and a united faith in our American idea, it should not take too long to win.

## A Magnificent Page

IN THE past two years the Government has spent almost \$31 billion directly for war purposes. In May of this year, for example, the expenditures were almost \$4 billion, just two and a half times the amount spent in the month preceding Pearl Harbor Sunday and more than four times the expenditures in May of a year ago. The effect of all this is evident in various ways, for example, in manufacturers' shipments of durable goods, which have doubled in two years time.

THIS MEANS that the nation's financial machinery must work at a degree of efficiency never before attained. The Government must be financed. Service men and war workers must be paid in full and right on the dot. Civilian life must go on. That the banks will do their part goes without saying. But it should not go without saying. It should be said again and again so that nothing will be allowed to interrupt or curtail essential bank services.

*REALIZE that you are living the most decisive page in history, that your part is the most important thing in your life.*

"...the glory of the present is to make the future free."

"We love our land for what she is and what she is to be..."



• Today, all the resources of the Allen Wales Adding Machine Corporation are turned to the manufacture of vital war supplies for our country. When Victory comes, we will resume making Allen Wales Adding Machines which our friends tell us are the world's best.

In the meantime, you can best help yourself and us by keeping your Allen Wales Adding Machines in perfect running condition. We suggest that you investigate our Annual Maintenance Service by calling the nearest of our 400 agencies, or write to the Home Office.

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